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Christmas Time on Memorial Plaza - Saint Louis

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As the year ends, Santa Claus again will be here to give his presents to good little boys and girls. Legend says that the names of bad little boys and girls will be marked off his book. Only the good receive the reward.

At the end of this month, too, many merchants will be closing their books for the year. The unwise credit granters will give away thousands of dollars' worth of merchandise to poor credit risks in uncollectible accounts. In contrast to Santa Claus, the unwise give to the "bad" instead of the good.

Wise credit granters reduce bad debt losses by consistent use of the member Bureaus of the ASSOCIATED CREDIT BUREAUS OF AMERICA. They, in turn, reward their credit customers through lower prices and a larger selection of merchandise.

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YOU WILL WANT TO READ

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Once Again
All at the National Office Wish You a



And a Happy New Year

Merry Christmas



WRITING a Christmas message to our members gives me a chance to thank every one of you for your wholehearted cooperation and splendid work on behalf of our National Association.

I can't think of a local, state, or district group that is not unusually fortunate in the calibre of leadership it has selected for its own group direction, and I feel that we are all going to look back on a year of very satisfactory achievement. Let me say once more what I have said many times: The National Office is ready at any time to help you with problems that may arise. The closer we work together, the more we will accomplish!

THE MEMBERSHIP DRIVE is my pet project because I think it is of prime importance for the Association. I do not want to miss this chance to ask you to get busy right now if you are not already engaged in a spirited drive for new National members. We feel that for the good of sound retail credit in this country, we need at least 5,000 more members. We would like an increase considerably over that figure, and from what I have seen of the work of various local groups, I don't think any lack of ability or energy or initiative is going to stand in our way!

I would like to wish a Merry Christmas to every one of you personally, but since that is impossible, here it is through *The CREDIT WORLD*. I say it a good deal more thoughtfully this year than I might have in other years when to so many thousands and thousands of people, Christmas will be just another tragic day. In a world that seems to have forgotten civilization, the old heartwarming words are doubly precious to those of us who can still use them.

ALSO, HAPPY NEW YEAR to every one of you—a year filled with business success and personal happiness. It is going to be a hard year for all of us. Serious questions will have to be decided; questions perhaps more grave than any that have faced our country in the past. Upon our coolheadedness, sound judgment, and clear thinking may depend our entire way of life in the future.

There is no group, in my opinion, more alive to current questions and more intelligently informed on them, than credit executives. I think it is part of your job to make yourself felt in your community; to encourage, wherever you can, intelligent discussion of important national and local affairs. Simply to voice opinions or prejudices is easy, but it is the individuals who can look at both sides of a question and get at the truth and the reasons behind it, who are best safeguarded against the dangers we may face in the future. Expand your influence just as far as you can!

And, once more, to every single one of you, a very Merry Christmas and a Happy and Prosperous New Year!

Erwin Kant



Erwin Kant

This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association. Authors have been invited to express their personal opinions which may not be those of this Association and we assume no responsibility for them.

RETAIL CREDIT

And the Consumer Movement

JOHN B. GRANT

Economist, New York City

OF ALL THE SERVICES which the consumer uses, merchandise credit is the one in which he is most interested. Individuals are continually lured into making what may be uneconomic purchases as a result of advertising and statements to the effect that no charge is made for credit. The consumer is literally bombarded with statements that credit is "free" and that terms of repayment are "easy." Many consumers, as yet, are unaware that they pay for the credit service. It will not be long before the purchaser begins to take stock in an effort to determine why his income does not buy more. He will not be pleased when he learns that a portion of it has gone to pay for credit costs in the form of higher prices.

The price charged for retail credit, like any other price, should be brought out into the open. It should not be concealed in the price of merchandise, nor should it be camouflaged with vague statements about "carrying charges." The consumer should be given the opportunity of deciding for himself whether he can afford the use of a particular credit service; he should be given the opportunity to buy for a true cash price if he so desires. As retail credit is customarily organized today this is all but impossible. Even the individual who pays cash for his merchandise must pay a portion of the cost of credit, if he makes his purchases in a "one-price" establishment which carries customers' accounts.

Purchaser Expects to Pay for Services

The purchaser has demonstrated that he expects to pay for services which he receives. However, he wishes to know how much he is paying and for what. The usual individual will recognize the advantages to be derived through the use of retail credit, and if he feels he can afford it, he will be willing to pay a reasonable price for its privileges. The purchaser has continued to buy automobiles on credit plans despite the fact that he has been informed of the time price.

Business men would do well if they would take cognizance of the reasons which compel the typical individual to take an active interest in the consumer movement. Individuals and families operate on a decidedly limited budget. According to a recent survey of the National Research Board, two-thirds of the families in the United States were operating on an annual income of less than \$1,100.00, and were forced to resort to deficit financing.

It requires little imagination to realize that a family income of \$1,100.00 imposes definite and severe limitations on the family's ability to satisfy its normal wants and desires. Consequently, any program which promises the family an opportunity of increasing its "real" income through instruction in more intelligent purchasing habits will have wide appeal.

In particular cases, credit for the individual may be a dispensable luxury which he cannot afford. If he is given no opportunity of deciding for himself whether or not he can afford it his best interests are not served, nor are those of the retail merchant.

Misrepresentation of any kind with regard to the cost of retail credit is unwise commercial practice. It does little for the merchant on the positive side and may do much on the negative side. If the merchant will remove the air of mystery which surrounds individual merchandise credit he will gain the complete respect and good will of the buying public. That, after all, constitutes his most valuable asset.

Trend of Consumer Education Toward Financial Aspect

Evidence is already at hand that consumer groups are turning their increased attention to the field of retail credit. Formal courses in consumer education, which are now being offered in a large number of schools and colleges throughout the country, are more and more directing their study toward a consideration of the financial aspects of the consumer's dilemma. Thus, the trend is away from a detailed discussion of the quality of specific goods and in the direction of emphasis on purchasing power conservation.

In many consumer educational course outlines, a considerable period of time is devoted to consideration of retail credit with emphasis on the cost factor. As yet, the bulk of the attention is centered upon discussion of the advisability of purchasing large, semi-durable items, notably motor cars, on the installment plan. However, a number of the more advanced courses stress the theme



that *all* credit must be paid for in one way or another and that credit for which no visible charge is made, in all likelihood, is the most expensive of all personal credit. Thus, the shadow of events to come in the consumer movement area is cast ahead for all to see.

Merchants who are wise and who have their own best interests at heart will take careful note of these lengthening shadows; they will recognize the consumer's credit problems and will assist him in solving them. They will take the lead in developing educational material which will aid the purchaser to understand more fully the nature of retail credit and the obligations and responsibilities which its use entails. Ignorance can bring only misunderstanding and suspicion.

Informative Material for Consumer Use

Many private business concerns have spent large sums on the development of informative material for consumer use. These concerns, at the head of the trend toward more responsible public relations, realize that consumer confidence and good will can be won only through the development of cooperative business-consumer educational information. These concerns have utilized the services of experts who have studied the nature and intensity of the consumer movement. As a result of such studies, they know that the movement is not a lasting fancy, but rather a sincere desire on the part of a surprisingly large number of individuals to better their standard of living. They know these individuals realize that, for the majority of them, the possibility of substantially increasing their future earned incomes is remote. Consequently, these individuals are anxious to make use of any information which will enable them to buy a larger amount and number of goods and services with their present incomes.

Thus far most of the informative material which business has made available for the use of purchasers has been prepared to assist the individual in judging accurately the quality of a specific good. Most of the material is of a semi-technical nature, written down to terms which will be comprehensible to the typical shopper. A good deal of the information has been prepared in attractive pamphlet form and has had a widespread appeal among student consumers. It would be difficult to estimate accurately the benefits which have accrued to business prestige as a result of the use of study material, but it is certain that they have been great.

However, the usefulness of the specific type of information thus far developed is decidedly limited. Specific information, while it may be put to some use in formal study, serves more usefully as a shopper's guide. For study material consumer groups and individuals want general information which will enable them to develop permanent, unchanging judgment concepts. They want information that will enable them to master the fundamentals of the economics of shopping—they want information that will make of them wiser buyers regardless of the particular goods or services they intend to purchase.

Increasing Consumer Use of Credit

While not all purchases are made by all consumers on a credit arrangement, nevertheless a surprisingly large proportion of purchases are made each day on some sort of promise to pay in the future. Certainly it is safe

to say that there are few individuals who, during the course of a year, do not make use of the deferred payment principle. Consequently, informative material prepared for purchaser use, making possible a more intelligent use and economic use of credit mechanisms, would be of inestimable value. Such information would be of genuine assistance to the individual in enabling him to increase his income effectiveness. It would also be an aid to the merchant.

A considerable amount of present-day consumer ill will toward the retail merchant and his service is the result of ignorance on the part of the purchaser. This is particularly true with regard to ignorance of retail credit fundamentals. The individual who makes a deferred payment purchase which he is unable to afford, rarely, if ever, blames himself when he is unable to pay his obligation as agreed. He is quick to regard his difficulties as the fault of the merchant and is vitriolic in his denunciation of the establishment and its policies. Even though the merchant succeeds, through legal action or the threat of it, in collecting the entire amount outstanding, he has probably lost all or most of whatever profit he made on the original transaction. In any case he not infrequently has lost a customer who, on a cash arrangement, might have been a desirable and a frequent one.

Even if the individual merchant has shifted the credit responsibility to some outside organization specialized in its operations to handle a large volume of consumer credits he has much to lose through consumer ignorance of retail credit principles. Even though credit losses and collection problems may be kept at a negligible minimum and even though no ill will results from established credit policy, the merchant may still be the ultimate loser as a result of ignorance on the part of purchasers.

Cost of Extending Credit Concealed

Every merchant, of course, is aware of the fact that in extending credit he, or an agency to whom he has shifted the responsibility, is, in reality, extending his customer a loan. He knows further that a charge must be made for the use of money so that in one way or another it is necessary to impose a fee on the purchaser for the privilege of borrowing. This charge for the use of borrowed funds must be at least as much as it costs the merchant to extend such a loan.

Because it is generally felt that consumers do not understand the necessity for exacting a charge for all services rendered, merchants most frequently do not state their complete charge for credit, but, instead, include all or most of such charges in the selling price of their merchandise. Because of this practice the individual purchaser does not know how much of his expenditures goes to pay for funds borrowed and how much to pay for the goods which he needs.

As yet most purchasers are not aware that in many cases there is a concealed credit charge in the prices they pay for merchandise and in other cases those who do realize it are powerless to take advantage of their knowledge since, in many establishments, the one-price system prevails. Thus, every purchaser is forced to pay a tribute for the privilege of credit whether or not he desires the privilege.



The consumer appears to be awakening from a long, if not peaceful, slumber. As a result, she is beginning to ask a number of questions concerning the merchandise she buys and the services she receives.

In the long run this situation harms the merchant. Individuals, over a period of time, receive only a given amount of income. Out of this income they must buy all the goods and services which they will need for the period. Every cent of that income which they spend for the credit privilege is that much less which they will have available with which to buy needed goods and services.

Economic Aspects of Credit

Credit use does not create new, additional income; it merely is a means of distributing a given amount of income over a period of time. It is unwise for merchants to attempt to sell too large a proportion of their merchandise on a credit plan because by so doing they decrease the over-all effectiveness of their customer's purchasing power. Thus, even though the majority of purchasers are unaware that a share of their income goes to pay for money borrowed from the merchant, by them and by others, merchants themselves know it and they should make an effort to preserve a logical balance between their sales for cash and their sales for credit. Much of present-day merchandising effort is characterized by attempts to expand credit sales by extensive solicitation and repetitious advertising. Every sort of "budget" repayment plan has been developed by every sort of retail establishment. As a consequence, a larger yearly proportion of consumer purchases are being made on credit terms. This may result in fewer goods and services for the individual and a consequent lower standard of living. By the same token, it may mean that, in the long run, merchants sell fewer commodities and a larger share of their income goes to retire bank or other intermediary financing agency loans, and interest.

This is not to say that merchandise consumer credit is of negative value to retail trade, but it is to say that use of the mechanism must be intelligently directed and its increased employment must not be regarded as a panacea for all the ills of retail merchandising. Purchasers and sellers alike have been considerably benefited

by the growth of new forms of consumer purchase financing and the subsequent widespread use of those forms. Some authorities are of the opinion that our present high standard of living would have been impossible to attain had it not been for the development of individual merchandise credit. They feel that the tremendous growth of mass production industry, which took place during the last twenty-five years, would not have been possible without the accompanying development of deferred payment sales plans.

Danger of Over-Estimating Role of Credit

However, there is a great and ever present danger of over-estimating the role which individual credit has played in the past in making possible the sale of a larger number of goods, particularly if the past is used as a guide for determining future retail credit policy. It has unquestionably been true in the past that one industry or class of trade could and did relatively increase its sales volume by aggressive development of "pay-as-you-use" plans. The relative growth of automobile and other semi-durable goods sales over the past two decades is a case in point. However, a moment's reflection will make it abundantly clear that while consumers are retiring their debts to automobile and refrigerator dealers, other factors remaining unchanged, they will have less income available with which to purchase other goods.

Because of the spectacular, advantageous use to which instalment consumer credit has been put in the past it has too frequently become a present-day sales promotional device. However, at present the merchant who relies on attractive, liberal credit terms to increase his volume is entering a highly competitive market. No one knows when the saturation point of merchandise consumer credit increase will be reached or indeed whether it has long since been reached. However, everyone knows that there is a saturation point and should realize that sincere attempts must be made to control retail sales for credit in the immediate future.

"Easy" Credit May Become a "Demand" in the Future

Consumer credit customarily has been presented to the consumer as a means of getting something which he desires in an "easy" manner. Therefore, it is not difficult to understand that the individual purchaser has in the past demanded and will continue in the future to demand more and more of his goods on credit. The only way in which he can be effectively dissuaded from this demand will be for the merchant to tell him the truth with regard to credit.

When the consumer knows the truth he will not denounce the mechanism and swear never again to use it. He will realize that its use may aid him considerably in some of his purchases. He will realize that it offers a convenient

(Turn to "Consumer Movement," page 33.)

The Retailer And the National Defense Program

By **Dr. DAVID R. CRAIG**

President, American Retail Federation, Washington, D. C.



Government Regulation of Prices and Distribution in Canada

CANADA'S normal economic and military situation, more than that of any other country now at war, is similar to that of the United States.

1. Canada has abundant domestic sources of food and many other materials, and is less dependent on imports and less vulnerable to interruptions in shipping than European countries. She is, therefore, like us, less in danger of general shortages.
2. The distance of Canada from the aggressor nations, and her great area, makes serious disruptions because of air raids unlikely.

Canada, however, is at war with Germany. The Canadian control measures are worth noting as background for the problems which may confront the United States in a great national defense effort.

1. Outstanding Facts About the Canadian Regulations

In Canada's need for the use of price and distribution controls, several outstanding facts of special interest are emphasized.

A. Broad powers of government by decree, through Orders-in-Council of the Governor General, were vested by Parliament in the Prime Minister and Cabinet at the beginning of the war.

B. By an order on September 3, 1939, the Wartime Prices and Trade Board Regulations were established. Under the regulations, the board of that name was appointed and given drastic powers to regulate trade in articles of every description, together with certain duties.

Powers which may be exercised only under specific enabling Orders-in-Council:

1. Licensing producers and distributors.
2. Fixing maximum prices and markups.
3. Buying and selling.
4. Commandeering of supplies at prices prescribed by the Board or fixed by a court in cases of disagreement.
5. Prohibiting exports.

Powers which may be exercised without enabling Orders-in-Council:

1. Making investigations and requiring reports.
2. Allocating and rationing supplies.

Duties imposed by the Regulations:

1. Drawing on existing agencies in investigations.
2. Conferring with producers and distributors in order to secure their cooperation.
3. Reporting anti-monopoly violations to the proper authority.
4. Recommending tariff reductions on goods being sold at unreasonably high prices.

C. Great moderation has been exercised in the formal use of these powers. The licensing power has been exercised only in the case of the coal and coke industry; the maximum price fixing power only with respect to wool, flour and bread; the commandeering and reselling power only with respect to sugar; and the power of allocation between military and civilian uses, and among different kinds of civilian users, only with respect to sugar, wool, and a few other commodities. There has been no rationing to consumers.

D. Much dependence has been placed on informal controls through persuasion both of businessmen and consumers by publicity, and through negotiation with business organizations and firms. Concentration of control in business, for example, in the sugar refining industry in Canada and in chain store distribution, makes informal control by the government easier to exercise. But the Board is armed with a big stick.

E. The Regulations prescribe five specific offenses, punishable on conviction by a fine not exceeding \$5,000, or imprisonment not exceeding two years, or both. They are:

1. Charging any price which is "higher than is reasonable and just." The burden is on the seller to prove his price reasonable. A price in violation of a maximum price order is considered unreasonable by definition.
2. Accumulating or withholding from sale any commodity

Editor's Note

What is the relation of the retail merchant to the national defense program? This question will be the subject of a series of four articles by Dr. Craig.

This, the third article of the series, shows what has happened to retail merchants in two countries actually at war—Great Britain and Canada.

The first article, which appeared in the October CREDIT WORLD, outlined the kind of contribution retailers can make toward the national defense program.

The second article, which appeared in the November CREDIT WORLD, described the situations which are likely to confront retailers as we change from a peacetime to wartime economy.

The fourth will describe the activities of the American Retail Federation and the preparations which it is making toward national defense.

beyond an amount reasonably required for consumption or use in business.

3. Unduly limiting production or distribution of any commodity.
4. Impeding investigation.
5. Selling without a license where a license is required.

In addition, violation of any order by the Board is a similarly punishable offense.

F. Prosecutions have been extremely few. There were none at all in the first three months of 1940. Hundreds of complaints of price rises were received by the Board in the early months of the war. In most cases, according to the Board, they were unjustified and in others investigation was usually sufficient to correct irregularities.

G. The Wartime Prices and Trade Board itself has assumed responsibility for investigations of all complaints, and is assisted by various agencies of the Dominion and Provincial governments. Press releases by the Board do not suggest to citizens that they watch for or report profiteering.

H. The Regulations, and orders and releases by the Board, contain no reference to the means of determining when a price is "reasonable." Nothing is said, for example, as to whether actual cost or replacement cost of goods should be used in figuring a reasonable retail margin. A final definition of a reasonable basis for pricing would have to be made by the courts.

I. The ordinary operations of retailers apparently have been little disturbed by the operation of the price and distribution controls. The Board's statement that most complaints have been found unjustified, indicates that retailers have had little difficulty clearing themselves with the investigating agents of the Board. Retailers in Canada, the Board has reported, have not been inclined to buy speculatively, hoard, or charge unreasonable prices.

II. The Situation Canada Faced

Some outstanding factors in Canada's situation are:

A. There was no immediate probability of widespread shortages of materials essential to prosecution of the war and maintenance of the civilian population.

B. Temporary acute shortages of certain commodities, particularly of sugar and wool, occurred at the beginning of the war. Imports of both sugar and wool were temporarily disturbed, while at the same time there was a consumer buying panic in sugar, and a great military demand for wool.

C. The probability of a long war and the need to devote large quantities of resources to war uses meant that Canada would need (a) to increase the available supplies of certain badly needed materials and (b) to withdraw from consumption considerable quantities of supplies which could not be rapidly replaced.

D. There was danger of rapid price rises and profiteering in production and distribution for civilian use of goods in which shortages existed or might arise.

E. There was danger of a general inflationary upward movement of prices, such as occurred in the last war.

F. Uncontrolled price rises might make it impossible for low income groups to obtain necessities of life in adequate quantities.

III. What Canada Did

Canada attacked the threat of possible shortages for civilian uses of some essential goods, and the threat of possible inflation, in four ways:

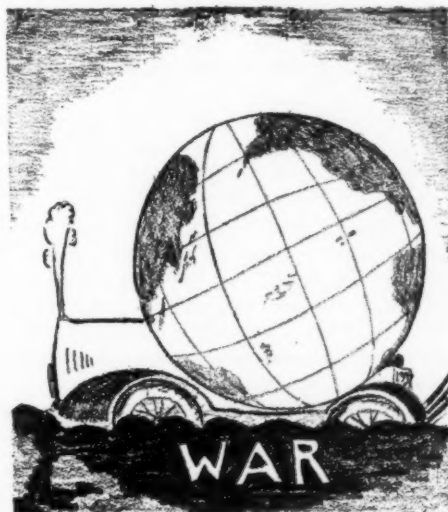
- A. Through her program for financing the war.
- B. Through measures to increase the supply of goods in which shortages existed or might occur.
- C. Through measures to allocate available supplies between military and civilian use, and between different kinds of civilian uses.
- D. Through measures to control the prices of particular commodities.

The financial policy was determined and carried out by Parliament and the established departments of the government.

The measures in the other three groups were carried out for the most part by the Wartime Prices and Trade Board, largely through commodity administrators, who were appointed for sugar, for wool, for coal, and for hides and leather.

IV. The Effect on Retailers

Aside from the necessity of supplying more information than usual to government agencies, it is probable that the regulations have had little effect on most Canadian business engaged in supplying civilian needs.



The chief reasons for this conclusion are:

1. Licenses were required of producers, importers and distributors only in the case of the coal and coke industry, and even here the license involved only the payment of a \$1.00 fee and the supplying of information.
2. Except for bread, there has been no formal fixing of prices of goods handled by retailers.
3. There has been no rationing to consumers, and little or no restrictions on sales of goods to retailers, aside from allocations limiting the available supplies at the raw material level.
4. Where complaints of profiteering were made against retailers, they apparently had little trouble clearing themselves with the investigating agencies, provided they were not trying to exploit a shortage. Even if they were, a promise to mend their ways seems to have ended the matter.
5. Competition rather than government action seems to continue as the most important controlling factor. After an investigation of retailers of knitting wools, the Board reported that "it was found that price movements in the retail trade were not out of line with prices at which they had purchased their stocks. . . . Under the pressure of competition in the retail trade, the increase in many instances appears not to have fully reflected the advance in raw material costs. Retailers in many instances appear to have sacrificed a part of their customary percentage margin."

The order of August 6, forbidding millers and bakers to pass on the wheat processing tax to consumers of baker's bread, indicates that the Board takes evidence of monopolistic practices as ample justification for action without going carefully into the cost and profit position.

The Canadian measures to increase supplies of sugar, wool, and a few other commodities from abroad, and to see that small dealers were supplied with goods when shortages made buying difficult for them, served to protect some retailers in the war situation and to hold up the volume of all those handling such goods.

Government Regulation of Prices and Distribution in Great Britain

Unlike Canada and the United States, Great Britain in wartime must meet serious problems of scarcity. Greatly dependent on imports at all times, when the war broke out Great Britain faced the probability of interruptions in shipping and loss of sources of supply. It faced the need to restrict consumption of non-essential imports in order to conserve foreign balances for buying essential military needs.

1. Outstanding Facts About the British Regulations

The scope and nature of the British regulation of prices and distribution of goods for civilian use can be viewed against a background of a few outstanding facts.

A. Extremely broad powers of government by decree, through Orders-in-Council of the King, were vested in the Prime Minister and Cabinet by passage of the Emergency Powers (Defense) Act of 1939 on August 24. The Emergency Powers (Defense) Act of 1940, passed by Parliament in May, authorized conscription by order of all capital, persons, and property for public service.

B. The Defense Regulations, the first of which were issued August 28, 1939, provided that competent government authorities should have power with respect to articles of any description to—

- Regulate or prohibit production, transportation or storage;
- Take over and operate business enterprises;
- Control prices and profits;
- Allocate supplies to various uses and ration goods to consumers;
- Requisition and resell articles of any description except currency, gold, securities and negotiable instruments.

C. Responsibility for exercising these powers was divided roughly as follows:

Agencies	Powers
The Ministry of Supply:	Production and procurement of munitions and war supplies; Supply and allocation of raw materials for both military and civilian use, except food and foodstuffs.
The Ministry of Food:	Control of imports, processing, prices, and distribution of food and foodstuffs.
The Board of Trade:	Control of prices and distribution of nonfood consumers' goods beyond the raw material stage.

The Department of Mines of the Board of Trade: Control of prices and distribution of coal and petroleum products, gas and electricity.

D. Administration of the control powers under the Chamberlain Government (up to May, 1940) was marked by:

1. Reluctance to impose drastic controls, a desire to avoid all controls except where absolutely necessary, and to avoid nationalization of industry.
2. Reliance on voluntary price control by business men, and voluntary rationing by retailers to consumers in cases of temporary or local shortage.
3. Dependence on business organizations in the administration of controls. This was shown by appointment of leaders from the industries to be known as Commodity Controllers in the Ministries of Supply and Food, by frequent consultation with trade associations, and by representation of retailers and other business men on local control committees.
4. Concern that controlled prices should not only cover costs but also insure reasonable profits to each business affected.

Little information is available as to any changes under the Churchill Government.

E. The outstanding control measures which have affected retailers, and the supply, prices and distribution of civilian goods, are:

- | | |
|--------------------------|--|
| Foods: | <ol style="list-style-type: none"> 1. Control of prices and allocation at the raw material stage by requisitioning and reselling of practically all stocks and imports. The Ministry of Food became the only importer and only buyer from domestic producers of most foodstuffs. 2. General control of prices and distribution through placing wholesalers and retailers under license, and supervision by regional food officers and local food committees of citizens. 3. Fixing of maximum prices early in the war for about ten essential foods. These apparently were fixed above the market, for prices leveled up to the maximums, which were subsequently raised in most cases. 4. Subsidizing the prices of certain essential foods through sales at large losses by the Ministry of Food. The aim was to lessen pressure for wage increases. 5. Rationing of less than half a dozen foods to consumers at various times since early 1940. |
| Coal and gasoline: | <ol style="list-style-type: none"> 1. Price fixing and rationing by the Department of Mines since early in the war. Retailers' delivery service was virtually stopped by the short rations of gasoline, together with requisitioning of trucks by the civil defense authorities mainly for use in air raid precautions. |
| Non-food consumer goods: | <p>Action by the Ministry of Supply:</p> <ol style="list-style-type: none"> 1. Withdrawal for war uses of large quantities of materials and plants from civilian supply; 2. Control of the prices of materials important for war purposes, but willingness to let other raw material prices run riot (according to "The Economist," London weekly); 3. Control of manufacturers of goods for war purposes, but not for civilian purposes. |

Action by the Board of Trade:

1. Administration of the Prices of Goods Act, passed in November, 1939, which prohibits sales of goods to be designated by the Board of Trade at prices higher than those prevailing on August 21, 1939, plus permitted increases to allow for increased costs of goods and increased expenses.

The Act has not been applied at the manufacturing and wholesale levels to any extent, but almost exclusively at the retail level.

Retailers' money net profit per unit is protected, but not their net profit as a percentage of the sale price. Decreases in volume of regulated goods would tend to decrease total net profits.

2. Administration of the Textile Rationing and Limitation of Home Consumption schemes. These cut by 25 to 75 per cent the sales of manufacturers and wholesalers to retailers as a whole, but not to individual retailers. The result has been that retailers seeking to get supplies, bid up prices to wholesalers and manufacturers, and small retailers are at a disadvantage in getting supplies.

F. Installment selling was not only greatly decreased by the drop in demand for goods which might suffer war damage, but also by legal provisions and action on the part of the courts which made debts practically uncollectable if hardship would result for persons doing war work.

II. The Situation Great Britain Faced

The following are the major factors in the civilian supply situation which Great Britain faced last September:

A. Shortages in many lines, because of:

1. The need to shift large quantities of materials, capital and man-power to war uses.
2. The need to restrict non-essential imports, and to decrease home consumption and increase home production of goods which could be exported, in order to provide the means of paying for large imports of essential materials.
3. The probability of losses of merchant ships and of near sources of supply, with the result that available shipping space would have to be devoted largely to essential war imports.

B. Drastic increases in demand for and shortages of certain goods, such as blackout materials.

C. Special shortages of some goods needed greatly for the war, such as woollens.

D. Local shortages because of disturbances in transportation and shifts of population to lessen air raid danger.

E. Rising costs of air raid precautions, war risk insurance, loss by business enterprises of efficient workers, and rising import prices and shipping charges.

F. The beginning of panic buying and hoarding by consumers and dealers, and price rises for which rising costs, cited as the reason, were not adequate justification, in the opinion of the President of the Board of Trade speaking in the House of Commons.

G. The prospect of a long war and increasing shortages, together with the danger of an inflationary upward spiral of costs and prices such as occurred in the last war.

III. What Great Britain Did

There is much difference between what Great Britain planned to do and what Great Britain did. The general policy at the beginning of the war was:

- | | |
|------------------------------|---|
| A. Financial policy: | Heavy taxation and borrowing from savings, and as little inflationary financing as possible, in order to restrain the tendency toward inflation. |
| B. Increase of supply: | Stimulation of home production of foods and other essential goods, and maintenance of the supply of imported goods for civilian use insofar as the need to increase imports of essential war materials permitted it. |
| C. Allocation and rationing: | Diversion of a large proportion of basic materials and manufacturing resources to war needs through direct allocation. |
| Price control: | Freezing of essential material prices at pre-war levels, with provision for upward revisions to cover unavoidable cost rises. By doing this it was hoped that the need for price controls would be lessened at the retail end.

Maintenance of distribution of essential foods, and other essential consumers' goods if necessary, at fixed maximum margins or prices, with prevention of profiteering, but protection of reasonable profits.

Non-control of luxury prices, except for items needed for hospitals, invalids, and other special purposes.

Gearing of the cost of living to existing wage levels, rather than permitting the cost of living to rise and raising wages to meet it. |

IV. The Effect on Retailers

In judging the effect of price and distribution regulation on retailers it is difficult to distinguish between the effects of the war situation and the effects of the regulations.

The more outstanding effects of the war situation were:

A. Violent shifts in demand because of:

1. Large movements of people from London and other danger spots to reception areas in the country.
2. An abrupt drop in demand for such items as furniture, evening clothes, and auto accessories.
3. A great jump in demand for blackout materials, bicycles, and jewelry such as diamonds (which were bought as a way of hedging against inflation).

B. An increase in total retail sales in money. This was greater than the rise in prices during the first two or three months of the war, indicating a rising unit volume, as consumers laid in stocks of food and essential clothing. The demand for men's and boys' wear, boots and shoes, and miscellaneous items including blackout materials, was greatest. Women's wear, furniture and hardware were among items which declined. By January, however, rising prices, taxation, and restrictions of supplies for civilian use had decreased the physical volume of foods about 9 per cent under the corresponding month of 1939. The physical volume of non-food goods had decreased even more. In June, 1940, the value of total retail sales was only 2 per cent above June, 1939, while retail prices (as indicated by the index of the cost of living) had risen 18.3 per cent. Allowing for inaccuracies in the statistics, it is probable that physical volume had fallen between 15 and 20 per cent over all, with decreases ranging

(Turn to "National Defense," page 25.)



Credit Men Honor President Kant

By FRED S. KRIEGER

Manager, Credit Bureau, Milwaukee Association of Commerce
Milwaukee, Wisconsin

A TESTIMONIAL DINNER in honor of President Erwin Kant was held at the Pfister Hotel, Milwaukee, on October 22, sponsored by the Associated Retail Credit Men of Milwaukee. The event was an outstanding success, deeply appreciated by the guest of honor—a definite and happy marker in his life—and thoroughly enjoyed by all guests and participants.

Mr. Kant has been in credit work for more than thirty years. In 1916 he joined the staff of Ed Schuster & Company and two years later became general credit manager of the three Schuster stores, which position he still holds. He was a member of the board of directors of the Associated Retail Credit Men of Milwaukee for approximately twenty years, and is chairman of the Credit Bureau committee of the Milwaukee Association of Commerce. He organized the Wisconsin Retail Credit Association in 1934 and is an honorary director of that organization.

His Friendliness Characterized

Erwin Kant is a friend of everyone. In his business life and in his social life he is sought out by those who know him, because he is always interested in the other fellow's welfare. His counsel and advice are frequently sought by new comers in the credit field and he has always shown a readiness to give a word of encouragement to those who seek his advice. That these qualities have been appreciated was evidenced by the enthusiastic spirit of those who attended the meeting. Over 350 credit men and women from Milwaukee and other Wisconsin cities were present.

Mr. C. W. Wild, President, Ohio Finance Company, Columbus, Ohio, nationally known credit authority, was

guest speaker. His subject was, "Today's Emergency—A Challenge to Credit." Mr. Wild stated that there has been a "terrific" expansion in the last year, pointing to the steel, automobile and building industries, as well as freight car loadings, electric power production, retail sales, etc. "But," he said, "behind this is the gigantic sweep of Washington. Our rapidly expanding debt means an increasing strain on national credit. That strain is bound to increase in the next few years. The time must come when one of two things will happen; either support will appear for that credit or a collapse will occur."

Tributes to His Success

Those who paid tribute to Mr. Kant and outlined his remarkable work in the credit field were: David D. Bolen, First Vice President of the National; L. S. Crowder, General Manager-Treasurer of the National; Mayor Carl F. Zeidler; Eugene A. Paulus, Assistant Credit Manager of Schuster's and President of the Wisconsin Retail Credit Association; Max E. Friedmann, President of Ed. Schuster & Company; and Chris R. Isely, Assistant Executive Director of the Milwaukee Association of Commerce.

Mr. C. B. Young, Collection Manager of the Boston Store, was general chairman of the meeting, which was formally opened by L. B. Putney, President of the Associated Retail Credit Men of Milwaukee. Gifts were presented to Mr. Kant by S. A. Bialecki, Credit Manager, Milwaukee Gas Light Company, and Fred S. Krieger, Manager of the Credit Bureau, Milwaukee Association of Commerce, and Secretary-Treasurer of the Associated Retail Credit Men of Milwaukee and the Wisconsin Retail Credit Association.



Letters To The Editor

"After having read 'Streamlined Letters' very carefully, I am convinced that it is the best book of its kind that has been published. While it is of real value to everyone engaged in credit work, it will also appeal to men and women in any form of industrial activity. I predict that it will be a best seller in its line and will undoubtedly find a permanent place on the book shelves of all those who have read it."—Frank Batty, Credit Manager, Hale Bros., San Francisco, Calif.

* * *

"I want to congratulate your staff on the booklet, 'The Value of Retail Credit Associations.' You have shown a great deal of foresight in its preparation and it will help us in selling the National. It shows that you are constantly striving for the betterment of retail credit conditions."—E. H. Brown, Credit Manager, Shudde Bros., Houston, Texas.

* * *

"I have read 'Streamlined Letters' and feel that it should prove helpful to those of our organization who want to do a little brushing up on the study of English, the use of words, and the proper way of combining these two items to produce a satisfactory letter. Mr. Marra has done a good job in writing it and the National Office has turned out a very creditable performance in the appearance of the text. We are going to have a fine set of tools to turn over to the membership for carrying on their daily work."—F. W. Walter, The Bailey Co., Cleveland, Ohio.

* * *

"A few minutes' study of The CREDIT WORLD has convinced us that it alone is well worth the cost of membership—to say nothing of the other helpful material available to members."—L. V. Cook, Credit Manager, Mullin Furniture and Appliance, Dodge City, Kansas.

* * *

"One of our subscribers has found your booklet, 'How to Use Your Credit to Your Best Advantage,' very convenient to have a supply on the application and interviewing desks for free distribution to the general public. They also found them to be good enclosures with first dunning letters on new accounts."—C. J. Benson, Assistant Manager, Retailers Credit Association, San Francisco, Calif.

* * *

"One of the most important pages in The CREDIT WORLD to me is that designated Credit Department Letters from which I have developed new ideas and better credit letters in our own organization."—A. C. Wehl, Credit Manager, Gimbel Brothers, Milwaukee, Wis.

* * *

"We get a lot of good out of The CREDIT WORLD and we think that the new covers are particularly attractive. We are having them bound in book form for the reference materials they contain. It would be impossible to procure a set of books covering such a wide diversification of data and information on retail credit at any price. I do not see how any one engaged in credit work can keep up-to-date without The CREDIT WORLD."—W. J. Barloon, Credit Bureau of Rock Island County, Rock Island, Ill.

* * *

"I think the book, 'Streamlined Letters' by Waldo J. Marra, is one of the most helpful to business letter writers that I have examined."—Earle Harrison, Assistant Credit Manager, Marshall Field & Co., Chicago, Ill.

HOW SLOW ACCOUNTS CAUSE WASTEFUL COMPETITION

BY

Clyde Wm. Phelps

"WHY does a retailer start to permit or encourage customers to be slow-pay? Probably a common reason is because he thinks he will thus get business away from his competitors," says Clyde Wm. Phelps, nationally known credit authority.

"In the beginning, a lax credit policy may bring a retailer more business. But in the end the practice will get him nowhere.

Competitors retaliate

"Suppose that you begin to foster slow accounts in an effort to take business away from other merchants. What are these merchants likely to do? They will probably retaliate by offering terms just as slow as yours or even slower. Competition in credit terms and in slowing up collections will increase.

Lax credit policy cuts profits

"This is wasteful competition. It is unfair to cash and prompt-paying customers. And it brings no benefits to the merchants who become engulfed in it. The net result of the lax credit policy is to make a larger part of the credit business of the community more unsound and unprofitable and to reduce profits

for every one of the competing retailers.

What to do

"What policy then, should you adopt? What program will bring you the highest net profits along with the largest sales? The program of turning slow-pay customers into prompt-pays by a policy which is definite in collection as well as in credit granting. If competitors are foolish enough to try to get business by offering slow account privileges, you should not be misled into pampering slow-pays. Instead, you should stick to a definite credit and collection policy of suspending slow accounts."

Book sent free

In the free booklet, "A Controlled Credit Policy," Dr. Phelps describes proved, practical methods which successful merchants have used to control their slow charge accounts and increase their net profits. This booklet is published by Household Finance to promote better credit methods. You are invited to send the coupon for a copy without obligation.



HOUSEHOLD FINANCE

Credit Department Letters

By Aline E. Hower



OVER THE LUNCHEON TABLE before the last evening of our Letter Writing Clinic in Birmingham October 23-29, Mr. Edward Murphy of the Peoples Finance and Thrift Company and Mr. Ira M. Patton of the Tutwiler Hotel held an intriguing conference. It was about a letter to a prospective guest of the hotel turning down his reservation—a mighty ticklish situation.

We think of hotels as enlarged homes in a sense, with the latchstring always out, and we all have to make a mental readjustment when a hotel cannot accommodate us. Why people think that somehow the room clerk should wave the magic wand and find one last room for them is a mystery, but we all probably do.

Here is the letter that the hotel had been using:

A Polite No

We sincerely regret that we will be unable to accept your reservation for November 23, as our house is already booked to capacity from the 22d, and this condition has prevailed for the past three weeks.

We assure you that we are very sorry of our inability to accommodate you on this particular occasion and hope that you will call upon us at another time.

As The Tutwiler, one of the Dinkler Hotels, "Dispensers of True Southern Hospitality," has been receiving occasional remonstrances from those who had received the courteous letter just quoted, Mr. Patton felt it should be strengthened in some way. He could have had no better counsel than that of Mr. Murphy, to whom he gives principal credit for the revision as illustrated in letter No. 1.

Please notice the neat way in which approval is used in the opening, and the happy words "regret" and "sorry" are avoided, leaving the reader of the hotel's deep regret. Notice the explanation in the last line. The reader will understand the situation.

This Month's Illustrations

Illustration No. 2 from the Halbach-Schroeder Company, Quincy, Illinois, gives a splendid illustration of approval wording. Notice the opening: "We are very proud, indeed, to add your name, etc." The remainder of the notice gives needed information in a tactful, helpful way.

Illustration No. 3, also from Halbach-Schroeder Company, gives several particularly good ideas for an inactive account letter. It shows concern in a sincere way, mentions a sale that should interest the customer, and shows the date of his or her last purchase, proving that the store is watching and caring a great deal about his or her patronage.

Illustration No. 4, a printed card used by Kresge Department Store, Newark, New Jersey, is a mild collection notice, suitable for widespread use. It should be effective and, since it is obviously a form, should hurt no one's feelings.

Illustration No. 5 is a particularly interesting approach by Mr. F. W. Schrimpf, Jr., L. Hummel's Sons, Pottsville, Pennsylvania. The owl is embossed in brown, buff, and green ink, and pasted on the letter like a holiday sticker, very attractively. The fourth paragraph is extremely well worded, as is the whole letter.

Illustration No. 6, used by Gimbel Brothers, Milwaukee, Wisconsin, is another approval notice. The wording "increases the pleasure of our business relations" is most inviting. The terms at the foot of the card should be most helpful.

The Front Cover

The picture on the front cover of this issue shows the buildings on the Memorial Plaza, St. Louis, at Christmas time. The building on the left, with the Christmas tree illustrated by lights in the designated rooms, is the Missouri Pacific Building, home of the National Office. The building in the center is the Soldiers' Memorial, while the building on the right, showing the cross, is the Civil Courts Building. The picture was used through the courtesy of the Missouri Pacific Railroad.

Position Wanted

CREDIT MANAGER—Wishes permanent connection. Nine years' experience with open and installment accounts. Capable of handling help and large volume of work. Sales promotion experience. References. Address Box 122, CREDIT WORLD.

Wanted

TO BUY CREDIT BUREAU in city of 25,000 or over. Give full particulars. Address Box 121, CREDIT WORLD.

For Sale

CREDIT BUREAU AND COLLECTION DEPARTMENT in midwestern town of five thousand. Must sell on account of health. Terms. Address Box 123, CREDIT WORLD.

THE CREDIT WORLD

DINKLER
DISPENSERS BY TRADE

HOTELS
SOUTHERN HOSPITALITY



Written from THE TUTWILER HOTEL
R. BURT ORNDORFF, V. P. & MGR.
BIRMINGHAM - ALABAMA

①

November 3, 1940

Mr. John Doe
809 South Washington Street
Baltimore, Maryland

Dear Mr. Doe:

We should like so much to accept your reservation for November 8 and 9, but our advance requests have completely taken every available space, including the rooms that we hold until the very last for our good friends and regular guests.

This situation develops once or twice each year, and we find ourselves thoroughly embarrassed and deeply concerned in not being able to accept your reservation.

Won't you please understand our position and let us know earlier the next time.

Yours very truly

TUTWILER HOTEL

Ira M. Patton
Ira M. Patton
Assistant Manager

PS: We have tried to secure accommodations for you at the other hotels and find they are in the same position.

IMP:md

HALBACH-SCHROEDER
QUINCY'S GREATEST DEPARTMENT

THANK YOU FOR YOUR PURCHASE!

We are very proud, indeed, to add your name to the hundreds of satisfied customers who are now using our Household Club Plan of extended payments.

On the opposite page we have listed the terms of your purchase... and for your convenience, we are enclosing a Handy Payment Book which explains the Household Club Plan of payment for your account and contains coupons for each payment.

We will appreciate if you will kindly bring this book in at the time of making payments, or include a coupon with your remittance if made by mail.

Please let us know if there is any question regarding the terms or the coupon book.

Yours very truly,

②

Kresge Department Store
NEWARK

MAY WE AGAIN DIRECT ATTENTION
TO YOUR ACCOUNT.

④

Mrs. L. R. Olive
5614 Fourteenth Street
Newark, New Jersey

STATEMENT			
DATE	JUNE 5, 1940		
APRIL 1	20	10	
MAY 1	10	05	
TOTAL	30	05	

THANK YOU FOR YOUR PATRONAGE.

Your account has not been used recently and we are anxious to know the reason. Of course, you may have been away and not had an opportunity to visit the store... or, if you have been traveling, we wish to take this opportunity to thank you.

Halbach-Schroeder "Charge Account," which we have for you, is a most convenient service you can avail yourself of here. It may be used to advantage during your next visit.

OFFERS MORE SPECIAL EVENTS

Just Sale of Furniture.
Just Showing of ROTHMOOR Coats.
Just Showing of Back to School Apparel.
Just Showing of TREND Original Furs.
Just seeing your account active again soon.

Very sincerely,
HALBACH-SCHROEDER COMPANY

YOU'RE "WISE"
IF YOU KEEP
YOUR CREDIT GOOD

⑤

Take a tip --

from the wise old owl. He knows what's best!

And he is certainly right about keeping your credit rating A-1 here at Hummel's.

The good name you have earned at this friendly store is one of the finest assets you could possess. It means a lot to you -- and to your home -- because it enables you to have the beautiful furniture you want, when you want it instead of "waiting."

Your account is overdue and we're calling it to your attention now.

"Be wise" -- come in and make a payment this week. We'll appreciate your cooperation a whole lot!

Cordially yours,

F. W. Schinoff, Jr.
L. HUMMEL'S SONS

GIMBEL BROTHERS
MILWAUKEE

Date

Your charge account enables us to render a more individual service and it increases the pleasure of our business relations.

To maintain this service it is essential that you observe our terms which request settlement in full each month.

Your remittance will be appreciated.

Mr. Oscar R. White
6150 South X Street
Milwaukee, Wisconsin

CS: Bills payable in full during month following date of purchase.

Months in which purchases were made	Amount Now Due
May, June, July	\$55.60

⑥

HALBACH-SCHROEDER COMPANY
QUINCY'S GREATEST DEPARTMENT STORE

QUINCY, ILL.

③

This copy shows the last charge made to your account was in the month checked.

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER

AMOUNT DUE, NONE

Terms: Bills for each month's purchases are mailed at the close of the month's business and should be paid by the 10th of following month. Mail Charges, Payments and Credits made the last 3 days of the month will appear on your next month's statement.

Internal Handling Of Consumer Loans

FORREST M. SMITH

Cashier, State National Bank, El Paso, Texas

*An address delivered before the Conference of the Texas Bankers Association
Austin, Texas, September 3, 1940*



THERE ARE MANY SYSTEMS for internal handling of consumer loans; each bank adopting the system that best fits into its own organization. I will explain the system we have found to be successful and best suited for our use; beginning with the application for the loan, until it is paid off.

We have two men who interview all applicants. At the time of the interview it is judged whether consideration can be given the loan. Before the applicant is given blanks to be filled out and a note to be signed, it is determined whether he is regularly and permanently employed. We also find out if he is subject to the military draft; how much money he owes; the purpose of the loan; and if he is able to get suitable co-makers.

We do not extend credit to anyone who has been employed less than six months, nor to persons employed by the WPA, regardless of position. Men subject to military draft have been disqualified by us as borrowers and endorsers, as we believe a moratorium on debts is possible when they are called for service. If the applicant is found to be borrowing elsewhere, we have him agree to pay that debt in full, as well as any unsatisfactory accounts, and not to incur any other loans while ours is outstanding. The amount of the desired loan is discussed and we limit this credit to one-fourth of the applicant's yearly salary.

Interviewing the Applicant

During the interview, our manager has received his impression of the applicant, and if there is a possibility of the loan being granted, an application blank and note, filled out for the desired amount, are given to the applicant. Having installments come due on pay day is important, and we have found that this requirement eliminates considerable past due paper. We make a practice, whenever possible, of filling out notes in such an amount

that the installments will be payable in even dollars. The elimination of odd cents saves much time and lessens the possibility of the teller being out of balance.

The application calls for general information, such as residence; telephone numbers; salary; employer; a full list of accounts owing; and on the reverse side, space for information concerning the endorsers. Separate slips for endorsers to fill out are furnished, for persons who do not want the borrower to know their affairs, yet would not mind the bank knowing. These forms are mailed direct to the bank.

One of our personal loan pamphlets is also handed to the applicant. This contains information about our service and answers to questions which are sure to arise when the applicant reaches home and thinks it over. The first contact with the borrower is important and should be made by a person with patience and tact. The applicant must be given every consideration and plenty of time to discuss his problems, which are just as important to him as the problems of the largest borrower.

Passing on the Application

When the blanks are returned, we proceed to obtain credit information on the applicant and his co-makers. Credit reports are obtained from our credit bureau and references which the applicant furnished are checked. *We consider credit reports imperative and would not operate without them.* One of our clerks devotes full time to checking credit information. After the information is assembled, the application is then studied. If a loan cannot be made because of unsuitable endorsers or for some other reason, it is not submitted further, but is returned to the applicant with the request that he arrange the loan in accordance with our requirements. All borderline cases, as well as favorable appearing loans, are submitted to an officer of the bank.

We believe it is essential to have a second person examine the application to determine the weak spots, in case the interviewer has been swayed by an unusually appealing applicant. The officer to whom it is submitted, however, must not be a rigid conservative because these loans can be made only through a more liberal policy. We

must remember that consumer credit may well be called retail credit. The banker who has opened such a department finds himself in an about face position in inviting borrowers of this class to make loans which received little if any consideration in the late 1920's. Sometimes it is hard for the approving officer to figure how payments can be met. But it must be considered how little the applicant owes in comparison to his small income, and if he has done that well with so small an income it is a favorable factor.

Auto and Life Insurance Policy Loans

When loans on automobiles are granted, we take a chattel mortgage on the car and file a certificate of title with the Department of Public Safety. Our attorneys have advised us to take this procedure, which might seem like a duplication. Our rates are: new cars, \$5.00 a hundred; late models, \$6.00 a hundred; and used cars, \$8.00 a hundred. We loan only two-thirds value in all cases and require the usual insurance protection. Loans up to two years are made on new cars but not exceeding one year on old cars. Credit is not extended on used trucks or to traveling salesmen when the car is to be used over a large territory.

When loans on insurance policies are granted, we see to it that the policy is payable either to the applicant's estate or to his wife, and always obtain an assignment on the company's form, as well as on a form which we have especially prepared. Our form is in the nature of an absolute assignment and gives us control over the policy in every way. Our rate on insurance policy loans is \$6.00 a hundred. When large amounts are borrowed, we direct the applicant to the regular loan department of the bank where a more favorable rate may be secured.

If the loan is granted to pay up past due accounts or to purchase an automobile, we issue cashier's checks payable jointly to the borrower and the firms he intends to pay. The checks, of course, require the endorsement of both, and then we know that the funds are being used for the purpose for which they were borrowed. We deliver the checks to the borrower, together with his passbook, showing that payments are to be accumulated in a savings account by installments of a certain amount, on a certain date.

The borrower is shown where to make his payments and is told that prompt payment will earn him 2 per cent on his deposits, but if payments are past due no interest will be earned. Many banks make a 25 cent charge on past due installments, but we do not follow this policy. No interest is paid on the accumulation of automobile loan installments. We register the note on our daily discount register, dividing the \$8.00 a hundred which we charge on regular personal loans, into \$6.00 interest and \$2.00 service charge and investigation fee. We make credits for these amounts separately on our general books, complying, in the opinion of our attorneys, with the Morris Plan Statutes in the laws of Texas.

Loans Not Insured

We do not insure our loans. In view of the rate which we charge we do not care to add an additional fee. The leading argument for insuring loans is that more loans would be made because the endorsers would feel protected and, therefore, more readily give their endorse-

ments to the paper. We believe we have not suffered any lack of volume for that reason. The last survey made by the American Bankers Association shows that few banks require this insurance.

A card index is maintained for every maker or co-maker of a note, which cards are posted after the loan is made, by placing the number and amount of the note thereon. We consider this card record very important because it reflects the total liability of any one individual at all times. Before a loan is approved, the liability of everyone on the note is considered.

The next step is to prepare a ledger card on which to post all payments. This card is similar to a regular savings department ledger card, and contains space for the names, addresses, and telephone numbers of the maker and co-makers of the note. We also register the note as to maker, number, and amount in a permanent binder. Then we place the name, number, and amount of the loan in our tickler file, so that the ledger card will be pulled out for attention on the day the payment is due.

Our loans are payable in semi-monthly and monthly installments. Until recently we were accepting loans payable weekly, but have found that this manner of payment requires considerable additional clerical work. We believe that loans under \$100.00, so payable, afford no profit, and for this reason we have discontinued accepting weekly payment notes.

The signature of each co-maker is verified by mail at once, and we consider this very important. Several forged signatures have been offered and as soon as the person whose signature was forged received our letter, he notified us. On these occasions we have made recovery of part, if not all of the note. The application form and all credit reports are disassembled and filed, and every loan we make is reported to the local credit bureau.

Collection of Installments

We prefer the passbook system to the coupon payment plan. Most of our loans are to Spanish-Americans who come to the bank to make payments instead of mailing them. One reason why some banks prefer the coupon system is that payments can be made at any window in the bank by tearing out the coupon and leaving it with the payment. We prefer that all payments come to one window, thereby not interfering with other departments of the bank. Then, too, a passbook indicates savings, and we have many borrowers start savings accounts after notes are paid off. We request customers to make out their own deposit slips, just as we do in other departments of the bank. This saves a great deal of time. Our teller enters the amount of the payment in the passbook and is careful to thank each payer.

There are various systems for receiving and posting these payments, and a number of machines are manufactured for just such a function, whereby the passbook and ledger card are posted in one operation, with balancing figures carried in the machine.

On certain days of the month, several hundred payments are made on these loans. We have felt that the long lines at the window are eliminated more quickly, resulting in better service to the customer, if as few operations as possible are required by the teller. Therefore, our teller takes only the payment and posts the amount in the passbook.

Procedure for Past-Due Payments

At the beginning of each day the ledger cards are pulled out and placed in a separate "Due and Past Due" file. That which surprises us most in this consumer credit field is the comparatively few past dues. There are no more conscientious or consistent payers in our bank than borrowers in the consumer credit field. Our department manager has returned home late on a bank holiday to find as many as three people waiting on his porch to make payments, after they found the bank was closed. Our assistant manager occasionally sells tickets at prize fights at night, and has taken in several payments through the ticket window there. Both are called many times at their homes when a borrower wants to arrange some past due payment. At the close of business each Friday, an analysis is made.

A report is filled out showing the amount and percentage of past dues running to 30 days, 30 to 60 days, and over 60 days. This report reflects figures of a month and year previous for comparison. Out of a total 232 past dues, recently, 205 of these were less than 30 days past due, and most of them were just a few days past due; 17 were between 30 and 60 days past due, and 10 were over 60 days past due. The total amount of past due installments was only one-half per cent of the total outstanding loans.

Notice is sent to the borrower the day he fails to make his payment. Three days later he gets his second notice telling him that his endorsers will be notified if he does not pay promptly. Then he is telephoned. After ten days, his endorsers are notified by mail. If they do not respond within two or three days, they are written a special letter, or telephoned, depending on the circumstances. If we still get no assurance from either, we write that on a certain date the note will be handed to our attorneys.

Closing the Loan

After the last installment is deposited the note is cancelled and returned to the borrower. Interest on the payments is figured at the rate of 2 per cent per annum and refunded to the borrower in cash, provided all of his payments have been made promptly. This is quite an innovation to most of our borrowers and they seem to appreciate getting some money back after they pay off a loan. A report of the paid loan is made to our local credit bureau and the necessary records in the department are made, such as the manner of payment, etc.

In addition to being highly profitable, our installment loan department was accepted by the public with enthusiasm from the start. Many professional men in our city have benefited by our financing plan and have expressed their appreciation. Considerable good will has accrued to the bank from the business men and merchants who have had their sales financed. We have paid many thousands of dollars to both professional and business men to clear up past due accounts. The small borrower has liked our service because it has provided him with funds for purchasing consumer goods, or it has enabled him to reestablish his credit standing in the community. *We are satisfied with the results of our department and believe that with ordinary diligence and judgment the plan can successfully operate anywhere.*

New Books Received



The Volume of Consumer Installment Credit

(National Bureau of Economic Research, 1819 Broadway, New York City, 137 pages, \$1.50)—Presents annual and monthly estimates of the quantity of consumer installment credit over a 10-year period, 1929-1938, and was prepared by Duncan McC. Holthausen, in collaboration with Malcolm L. Merriam and Rolf Nugent.

The dollar amount of consumer debt arising from retail installment transactions reached an all-time peak in 1937, and in that year, average outstandings totaled \$2,641,300,000; the volume of credit granted was \$3,666,800,000, and repayments came to \$3,392,400,000, according to estimates presented in this, the seventh in a series of studies of consumer installment financing.

This study deals in a lucid and statistical manner with a broad variety of related topics such as: retail installment credit granted, repayments, outstandings, and net credit change for department and other stores; cash loan credit granted, repayments, outstandings, and net credit change for personal loan departments of commercial banks, credit unions, industrial banking companies, personal finance companies, and unregulated lenders; estimates of retail and cash loan installment credit combined; and installment credit in relation to income payments.



The Curse of Modern Taxation (Fortuny's Publishers, Inc., 87 Fifth Avenue, New York City, 140 pages, \$2.00)—Taxes, like death, have so long been considered inevitable, that any challenge of this force is indeed startling. With our financial structure burdened to the point of collapse by traditional, orthodox economics, and with conflicting doctrines and confused theories obscuring the future horizon, *The Curse of Modern Taxation*, by W. R. B. Willcox, irradiates the economic heavens with the piercing rays of keen inquiry and logical, forceful thought.

Praised by the American Institute for Economic Research as a contribution to the "further clarification of the subject," Mr. Willcox protests "against what seems to be a settled policy of those who direct and influence the affairs of government."

Is taxation a financial necessity or merely a habit of thought? What could replace it? Which of our existing taxes is the most vicious? Which wage group does taxation hit hardest? *The Curse of Modern Taxation* answers these and many more vital questions, based on careful research and penetrating analysis.

Every sentence is an investigation into the causes of our economic ills. Every paragraph is a thought-provoking protest against modern methods of taxation.

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"Over 100 Retailers Profit by This Trick!"

THERE is a trick—a valuable "know-how"—to the skillful combining of Credit Applications, Authorization Indexes, Refer Records and Collection Records into a SINGLE Record—A KARDEX CUSTOMER HISTORY RECORD!

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What do KARDEX CUSTOMER HISTORY RECORD users report?—They report important savings in Primary and Refer Authorizing, Collection Control and Posting Accounts Receivable . . . They report reductions in Delinquent Accounts and Bad Debt Losses . . . They report better Customer Relations at lower cost!

Our *Management Controller No. 547* completely outlines the full advantages and operating savings of a KARDEX CUSTOMER HISTORY RECORD. "X" it on the coupon below for a free ten-day inspection loan.

Now on the presses is a brand new *Management Controller* outlining "Non-Descriptive Cycle Billing." Be sure to check it on the coupon. This is the most important retail store development in twenty years!

There is no obligation or cost attached to sending in the coupon below—yet the information it brings you may result in the saving of thousands of dollars. Send it today!

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☐ Make sure I receive full details on your new "Non-Descriptive Cycle Billing" plans.

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Company
Address
City & State

Comparative Collection Percentages

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY
	1940			1939			1940			1939			1940			1939			1940			1939			
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	
Boston, Mass.	50.5	52.0	49.7	50.1	52.0	47.9	14.4	15.4	13.2	14.4	15.0	12.2	52.1	74.0	43.9	48.0	74.4	42.4	—	—	—	—	—	—	62.66
Lynn, Mass.	53.8	60.5	40.4	54.0	56.0	40.2	45.6	52.3	39.0	35.9	38.8	33.0	—	—	—	—	—	—	14.4	20.4	13.2	12.4	17.5	11.0	67
Springfield, Mass.	56.3	59.2	53.5	53.4	54.2	52.6	14.8	16.5	13.2	16.0	19.5	12.6	—	48.8	—	—	60.4	—	—	—	—	—	—	—	—
Worcester, Mass.	49.8	50.7	44.8	47.3	50.0	46.1	18.9	21.5	16.3	19.6	23.7	15.5	40.1	44.3	36.0	42.9	45.8	40.0	—	—	—	—	—	—	—
Providence, R. I.	47.8	69.1	45.8	46.7	61.3	42.6	—	—	—	—	—	—	—	—	—	—	—	—	12.3	—	8.3	12.1	4.5	—	—
New York City	49.9	57.0	42.7	51.5	60.2	38.5	19.0	32.8	11.3	21.2	26.4	12.5	51.5	55.2	46.5	48.7	54.9	43.7	—	—	—	—	—	—	—
Syracuse, N. Y.	43.5	45.1	41.7	42.6	45.0	41.1	15.1	19.2	12.1	16.0	21.2	13.1	—	47.0	—	—	47.0	—	—	—	—	—	—	—	—
Utica, N. Y.	24.0	24.4	23.8	25.5	26.0	24.7	—	—	—	—	—	—	—	45.0	46.0	43.5	22.7	33.0	22.0	—	—	—	—	—	—
Pittsburgh, Pa.	45.5	53.7	38.9	45.3	52.9	37.5	15.0	17.0	12.6	15.6	20.4	11.9	45.3	53.7	38.9	45.4	52.9	37.5	—	—	—	—	—	—	50.1
Reading, Pa.	—	61.4	—	56.0	59.6	52.5	—	22.9	—	—	19.5	—	—	59.0	—	—	50.0	—	10.2	10.4	10.0	10.9	11.5	10.3	2.4
Washington, D. C.	40.9	50.4	36.5	41.8	49.8	35.5	15.5	19.2	13.2	14.6	15.9	12.8	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	45.2	53.6	37.5	45.2	56.7	34.4	18.8	27.5	11.5	18.8	27.8	11.5	39.4	44.3	35.6	38.4	41.8	32.7	—	—	—	—	—	—	—
Huntington, W. Va.	61.0	66.3	55.7	60.1	63.0	58.3	11.2	12.3	10.1	10.6	11.6	9.6	35.1	39.5	30.8	—	30.8	—	—	8.9	—	—	9.9	—	9.9
Birmingham, Ala.	45.7	47.8	42.1	45.3	47.0	42.0	20.1	22.7	17.5	20.3	22.9	17.7	43.2	44.0	42.3	48.5	51.0	45.9	11.3	12.7	9.4	11.1	12.0	9.3	45.21
Atlanta, Ga.	35.2	37.1	29.1	30.4	34.6	26.8	12.2	12.8	11.0	12.2	13.3	10.7	35.2	40.5	31.6	33.9	34.4	33.4	10.4	11.6	9.6	10.5	13.0	8.8	—
Little Rock, Ark.	—	33.4	—	41.7	47.7	35.8	—	14.3	—	18.0	20.2	15.9	—	45.7	—	—	47.7	—	—	—	—	—	10.5	—	—
Kansas City, Mo.	74.0	78.3	47.6	75.4	78.1	44.4	16.0	17.0	15.0	—	20.9	—	56.2	56.4	40.1	53.5	55.9	47.7	—	—	—	—	—	—	—
St. Louis, Mo.	55.8	65.1	50.8	54.8	63.8	49.4	18.3	23.2	15.4	18.6	21.7	16.7	44.3	53.3	37.1	43.0	47.8	35.6	—	21.4	—	—	20.9	—	45.56
Louisville, Ky.	51.8	57.4	44.4	50.6	55.7	43.2	14.6	17.5	9.0	13.8	16.9	10.4	39.6	50.0	31.0	38.7	42.5	31.2	—	13.0	—	—	13.0	—	—
Detroit, Mich.	57.1	69.8	47.5	55.3	68.8	45.6	23.9	30.4	16.1	24.5	30.8	16.1	49.5	51.3	47.0	51.0	55.5	49.2	—	—	—	—	—	—	32.37
Grand Rapids, Mich.	49.2	51.0	47.0	50.8	51.2	50.1	17.7	18.2	17.1	—	—	—	53.6	67.6	41.0	48.9	54.6	38.7	18.5	22.1	15.0	18.8	22.6	16.3	—
Cincinnati, O.	53.6	58.0	49.2	53.5	56.0	50.7	18.1	24.8	12.0	16.5	23.0	11.6	42.6	52.6	35.1	41.6	52.0	31.5	—	—	—	—	—	—	24.52
Cleveland, O.	52.9	56.9	45.5	51.8	60.3	45.8	20.0	22.3	16.7	20.3	21.1	15.0	44.7	48.2	41.2	43.6	45.8	42.6	10.9	18.4	8.0	10.9	16.2	8.0	10.0
Columbus, O.	44.8	52.4	42.0	45.9	55.4	30.7	13.4	14.2	12.5	13.6	14.7	12.5	52.2	53.1	51.3	53.7	56.8	50.6	10.8	37.0	10.3	23.5	37.0	10.0	—
Toledo, O.*	—	—	—	49.9	61.5	36.8	—	—	—	18.8	21.3	15.9	—	—	—	49.2	84.0	45.8	—	—	—	—	—	—	—
Youngstown, O.	48.8	50.2	47.3	47.9	48.2	47.5	17.3	17.8	16.8	16.8	17.1	16.4	—	43.9	—	—	47.8	—	18.6	23.6	15.0	16.9	19.7	14.8	—
Milwaukee, Wis.	54.7	61.5	46.3	49.1	55.4	46.5	19.3	23.4	17.4	17.3	18.2	17.0	45.2	54.3	26.9	40.0	49.5	25.2	10.4	12.9	8.8	11.3	11.9	10.7	10.7
Cedar Rapids, Ia.	50.0	57.1	48.0	55.4	57.0	46.0	22.9	26.0	19.8	20.9	25.0	16.9	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	51.6	52.9	50.3	50.4	52.3	48.6	15.0	15.3	11.3	14.7	15.4	14.1	—	—	—	—	—	—	16.8	17.0	16.6	16.4	17.5	15.4	11.5
Des Moines, Ia.	41.7	44.2	37.3	40.1	42.2	36.8	—	11.0	—	—	11.1	—	38.0	54.6	37.3	43.4	54.7	43.1	—	—	—	—	—	—	—
Sioux City, Ia.	44.9	46.0	43.9	45.0	46.3	43.7	16.6	18.1	15.1	15.7	16.5	15.0	—	38.0	—	—	38.0	—	—	16.2	—	—	32.5	—	—
Minneapolis, Minn.	68.5	72.0	65.8	69.8	72.2	65.9	19.8	22.7	15.4	20.6	23.3	15.5	62.5	63.5	61.5	59.1	61.0	57.2	—	—	—	—	—	—	—
St. Paul, Minn.	54.4	59.7	45.3	55.3	59.7	46.6	18.0	20.5	15.2	20.3	23.5	14.2	47.6	49.9	45.3	43.2	46.8	38.0	—	—	—	—	—	—	—
Omaha, Neb.	—	47.3	—	—	46.7	—	—	12.5	—	—	13.0	—	44.2	47.3	42.1	44.8	46.9	42.5	—	—	—	—	—	—	—
Tulsa, Okla.	58.0	63.3	50.7	54.9	63.2	41.5	20.2	26.5	11.2	19.6	25.8	11.9	44.2	52.6	32.0	46.5	51.5	41.0	—	—	—	—	—	—	—
San Antonio, Tex.	42.0	44.9	37.0	39.0	43.5	36.9	9.7	11.0	8.5	11.0	12.3	9.7	47.0	49.8	42.0	48.0	49.0	39.0	11.0	18.0	9.0	11.5	14.3	9.8	20.0
Denver, Colo.	46.5	48.1	43.0	47.5	48.4	44.3	13.9	21.3	12.6	16.0	23.9	13.5	46.8	48.1	45.6	46.0	47.7	44.3	9.9	10.6	9.3	11.6	12.1	11.2	3.4
Salt Lake City, Utah	59.5	63.4	50.0	59.1	64.0	51.6	26.4	41.6	19.3	26.8	42.4	18.2	—	—	—	—	—	—	—	—	—	—	—	—	—
Casper, Wyo.	—	106.8	—	—	106.6	—	—	—	—	—	—	—	—	34.0	—	38.5	48.0	29.0	—	—	—	—	—	—	20.0
Portland, Ore.	40.7	43.7	39.5	40.0	53.4	39.2	14.7	17.5	14.3	15.5	17.6	14.7	47.5	50.4	37.3	48.4	50.0	36.8	—	—	—	—	—	—	21.5
Spokane, Wash.	59.8	60.2	59.4	61.9	67.4	56.5	12.2	14.4	9.8	11.9	14.0	9.9	45.0	71.1	22.7	38.0	80.3	20.9	—	—	—	—	—	—	21.6
Los Angeles, Calif.	61.9	64.2	55.8	64.6	67.2	56.5	17.1	21.0	16.4	20.0	20.3	17.0	48.0	58.8	42.8	52.0	58.1	45.8	—	—	—	—	—	—	—
Oakland, Calif.	51.2	56.9	45.4	48.6	56.0	45.7	16.4	27.5	15.1	16.9	27.4	15.1	42.9	53.2	32.7	39.6	46.4	32.8	—	20.1	—	—	18.8	—	—
San Francisco, Calif.	44.4	56.5	40.3	41.4	54.1	37.9	20.4	27.0	16.0	16.5	21.1	14.4	39.0	41.7	29.4	35.0	37.8	27.8	—	—	—	—	—	—	—
Santa Barbara, Calif.	54.7	68.1	42.5	49.3	61.3	34.0	—	—	—	—	—	—	48.8	51.2	45.5	54.3	75.0	39.3	—	—	—	—	—	—	—
Vancouver, B. C.	64.1	65.4	62.8	—	57.7	—	27.0	33.3	20.7	—	27.8	—	—	56.0	—	—	58.0	—	18.5	20.0	17.0	21.0	25.0	17.0	50.0
Victoria, B. C.	67.2	68.2	66.2	67.8	68.1	67.6	—	25.4	29.8	21.0	20.2	23.3	17.2	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

*1940 figures not received at press time
*Installment

¹Furriers

²Laundry
³Lumber

⁴Paper and Paint
⁵Fuel

⁶Cleaning and Dyeing
⁷Artists' Supplies

Forty-Eight Key Cities Cooperating with the Research Division

Memphis Association

Hits New Credit Publicity High

MRS. MATTIE B. WILROY

Memphis Commercial Appeal, Memphis, Tennessee

CREDIT, whose chief characteristic is contained in the phrase: *Reliance on the truth or reality of something—belief, faith, trust*, so dominates the world today that the term *Credit Economy* has been applied to differentiate this era of world history from preceding epochs.

With this introduction, illustrated by various applications of credit in the life of the salesgirl, the average family, newlywed, or youth, *The Commercial Appeal*, of Memphis, brought to the attention of countless thousands of its readers throughout the South and other parts of the country, the part credit plays in the affairs of the nation today. It devoted the entire page of the feature section of the April 14 issue to an article, "Your Credit," and also featured the accomplishments of the Memphis Retail Credit Association.

The TelAutograph Corporation paid tribute to this story by having a large picture of the page on exhibit at the National Convention in San Antonio last June. They also honored this story in their TelAutograph Photo News under the title, "What Happens When You Say 'Charge It'."

The Memphis Association received numerous requests from all parts of the country for copies of the story to be used for credit educational purposes.

"With 90 per cent of the world's business conducted on a credit basis, this application of 'belief-faith-trust' in one's fellow-man is significant of the confidence existing today among men in all phases of civilization despite the apparent trend in world events," the article continued.

Credit Influences on World Affairs

The extent to which credit influences world affairs was described in the article as follows:

"For governments, Federal, State and local, business enterprises, farmers, manufacturers, producers, wholesalers and retailers, merchandising establishments, financial and religious institutions, and consumers, practically the whole gamut of life, public and private, are functioning in a world dominated by credit.

"Retail consumer credit has assumed major importance in recent years facilitating consumer purchases through open charge accounts or deferred payment plans, so much so, that billions of dollars are continuously outstanding on books of about one-half of the retail establishments and their sales-financing agencies. Some of the nation's greatest retail merchants formerly established on a 'cash only' basis have now cast the motes out of their eyes and gone to deferred payments.

"Aside from success stories of individuals in which credit was a major contributor in the lean years when young business men were getting their start, is the actual creation of markets for commodities created through credit extended to consumers. Growth of entire industries has been influenced by credit in some instances resulting in the creation of new problems and hastening inevitable adjustments in others.

"When Daniel Webster said: 'Credit has done a thousand times more to enrich mankind than all the gold mines in the world—it has exalted labor, stimulated manufacture and pushed commerce over every area,' he may have been thinking of a coming era, today, perhaps, when practically every area of present-day life is affected by credit.

"The fact that 'Credit Era' will distinguish this era in world's history from others despite various terms commonly applied to it, such as 'Machine Civilization,' 'The Power Age,' 'Industrial Society,' 'Capitalistic Culture,' does not mean that credit is enjoyed indiscriminately.

"But it does mean that Mary's ability to wear her new spring frock before she could save enough cash to pay for it in a lump sum, or the family auto, the home, college education, and any of the numerous advantages enjoyed today by the salaried man and the family of the wage earner are more widespread than in former times and that the ability to establish and obtain credit has made rapid strides.

"This access to credit as easy today to the working man of good reputation as to the executive who commands the services of scores of employees was not always accomplished with as much ease and dispatch.



Mrs. Mattie B. Wilroy

"Within the remembrance of many today is the parallel to the case of old 'Aunt Hattie.' This old and trusted servant of one of Memphis' 'First Families,' accustomed to seeing purchases delivered to the 'Missus' marked 'charged,' was seeking to make a purchase on credit. Perturbed and voicing her dissatisfaction over the 'black tape' necessary to buy a bill of goods on credit, she angrily demanded of the head bookkeeper: 'How is yo' ever goin' to get credit with three stores, 'til one of them stores lets yo' have credit?'"

Changes in Handling Credit

The article here deals with the changes in the manner of handling credit, as follows:

"The method for expediting credit services is noted in the personnel of the Credit Relations Department of the business houses. This department with its trained executive and assistants replaced the bookkeeper in the granting and handling of this part of the business.

"Equally true of the business set-up for handling auto and home loans, or the lending of money for various needs, is this quick and easy method for establishing credit.

"Almost as soon as Mary or any of the other applicants for credit have stated their name, address, place and length of employment, the credit manager has an accurate statement of the ability of the person to pay his or her debts and of the promptness with which he or she meets this demonstration of 'faith' on the part of the business man."

The modern method for expediting the handling of credit applications is given in detail in the article with the following introduction:

"Whenever credit men get together, the modern method for clearing reports is a topic of discussion. This method, employing the machine 'TelAutograph,' has helped distinguish this era by the introduction of one of the 'fastest, surest, and most economical' methods for handling credit business."

Next, the "school" where credit men and women have their own textbooks and receive diplomas from the Memphis Public School System and which has gained national recognition, is introduced. The article quotes Maurice B. Silverson (President of the Memphis Retail Credit Association at the time of publication), who said:

"Volume of the credit business has demanded that the bookkeeper be replaced in the handling of credits and collections of accounts by expertly trained managers of credit sales and skilled assistants, giving to these persons a place as trained professional workers.

"Sensing this need, the Memphis Retail Credit Association was successful in having a class in credit training added in 1937 to the night curriculum of the Memphis Vocational School which now is an established part of the Memphis Public School System. Teaching personnel of credit departments, the business psychology that they are sales producers just as salesmen in other departments, training them to be as solicitous of the customer's satis-



M. B. Silverson



Edwin B. Butler

faction as is the person who sells the merchandise, the school has continued each year. Classes have exceeded the enrollment limited at first to 40 members, the largest class having 63 eligible students, each receiving a diploma upon completion of the course."

Attention is called to cooperation of members of the Memphis Board of Education, Ernest C. Ball, superintendent, and C. O. Holley, director of Vocational Training; to the Educational Committee of the Credit Association, composed of J. Porter McClean, H. G. Orndorff, H. C. Stroupe, John Glankler, Joe M. Forbis; and to others versed in legal phases of credit and familiar with accounting, as Gordon I. Gordon, attorney.

Growth of Memphis Credit Association

Tracing growth of the credit association in Memphis, the article mentions those who on

May 3, 1918, were instrumental in perfecting the organization. Charter members mentioned are George A. Lawo, first President; the late A. L. Hach, who was Vice-President; M. G. Liberman, still Secretary; and directors: David C. Gaut, A. F. Harvey, the late A. T. Moore, F. O. Wagner, C. B. Richards and H. C. Schaper.

Activities in which the Association gained national prominence are cited, such as a "Pay Promptly" advertising campaign which attracted widespread attention several years ago in the press, outdoor billboards, and in motion pictures, in which the Memphis Chamber of Commerce cooperated by preparing booklets descriptive of the campaign which were distributed at national conventions at St. Paul, Cleveland, and Los Angeles, inspiring similar campaigns in other cities.

The Memphis Association, which in 1920 had the largest membership in the nation, winning trophies at conventions both for membership and ideas, was credited in the article with furnishing many of the forward steps in efficient government of the National Retail Credit Association. Another step in which the Association was mentioned as promoting methods, practices, fellowship, and bringing about closer cooperation in credit circles was in the formation of the Credit Women's Breakfast Club, March 8, 1938.

Mention is made of the credit bureau where files supply the information necessary to the credit man concerning every person of any race or color who has ever enjoyed the credit of a Memphis business firm, of entirely different structure to the Association but having unity of purpose in that the solution of individual credit problems is the province of each, making the two inseparable in their combined value to the merchant or professional man. It is explained that the battery of TelAutograph machines connecting with those in credit offices of the business firms is operated from this bureau where up-to-the-minute information of every applicant is available in the confidential information files.

The public is acquainted in the article with the many things entering in analysis of the applicant for credit.

(Turn to "Credit Publicity," page 33.)



The Credit Clinic

Conducted by

ARTHUR H. HERT, Research Director

... A "give-and-take" page, wherein readers may ask—and answer—questions about their credit and collection problems and solve them in the laboratory of practical experience ...

More About Streamline Billing

NEW METHODS and procedures for improving Credit Department operations are constantly being effected by modern stores. At this time the subject "Streamline Billing" seems to be of particular importance to the Credit Sales Managers of the country, not only because it is an economical method of procedure, but also because it is a convenience to the customer. The subject was discussed by our Department Store Group at the San Antonio Convention, last June, and a paper entitled "Streamline Billing" written by Mr. S. E. Edgerton, Credit Manager, Broadway Department Store, Los Angeles, California, was read at one of the

sessions. It was considered an excellent article for The CREDIT WORLD and consequently was published in the September, 1940, issue. (A limited supply of reprints of this article are available from the National Office, without charge.)

Much comment was received from it, and other members have sent us their procedures and experiences with the plan. It is considered so significant a subject that we are devoting this month's Credit Clinic to the experience and procedure of Mr. Wm. Hoffman, Credit Manager, The Stearn Company (Women's and Children's Apparel Store), Cleveland, Ohio.

The STEARN Co.
1021 To 1031 EUGLIO AVENUE
CLEVELAND

AMT PAID

November 1, 1940 \$

Mrs. JOHN SMITH
1687 E. 75TH STREET
CLEVELAND, OHIO

RETURN THIS COUPON WITH CHECK - RETAIN LOWER PORTION OF STATEMENT
YOUR CANCELLED CHECK IS A VALID RECEIPT

DEPT	CLERK	DATE	CHARGES	CREDITS	BALANCE
1940 OCTOBER					
A	80	3	1 03		1 03
N	102	5	2 69		3 72
A	80	7		1 03	2 69
DD	367	7	14 52		17 21
G	87	9	2 06		19 27
MM	401	19	2 67		21 94
BB	204	24	30 06		52 00

FOR YOUR CONVENIENCE TO DETERMINE THE ITEMS SEE REVERSE SIDE

PAID IS CHECK NO.

THE STEARN CO.

FOR YOUR CONVENIENCE

IF YOU ARE UNABLE TO RECONCILE ANY ITEM ON THIS BILL WITH YOUR RECORDS, WE ASK YOU TO BE SO KIND AS TO CHECK SAME IN THE FOLLOWING MANNER:

ON YOUR BILL YOU WILL NOTICE THAT TO THE LEFT OF EACH ITEM WE GIVE THE DEPARTMENT SYMBOL OR NUMBER, THE CLERK'S NUMBER AND THE DATE OF THE PURCHASE. BY COMPARING THE DEPARTMENT SYMBOL OR NUMBER WITH SCHEDULE BELOW, YOU CAN QUICKLY DETERMINE IN WHAT DEPARTMENT YOU PURCHASED THE MERCHANDISE AND ON WHAT DAY.

SHOULD YOU THEN BE UNABLE TO ASCERTAIN THE ITEM CHARGED, KINDLY COMMUNICATE WITH OUR BOOKKEEPER WHO WILL BE PLEASSED TO ENLIGHTEN YOU.

A Toys (Small) and Games	5th Floor	AA Suits	4th Floor
B Toys (Large) and Baby Carriages	5th Floor	BB Coats	4th Floor
C Books and Juvenile	5th Floor	CC Skirts	3rd Floor
D Pastimes	5th Floor	DD Dresses	3rd Floor
E Dolls	5th Floor	FF Handkerchiefs, Neckwear and Veilings	1st Floor
F Stationery, Favors	1st Floor	JJ Waists & Sweaters	1st Floor
G Infants' and Children's Apparel, Bathing Suits	2nd Floor	KK Purses	4th Floor
H Flags, Masks and Masquerade costumes	5th Floor	LL Fur Storage	4th Floor
J Jewelry	1st Floor	MM Hosiery	1st Floor
L Leather Goods	1st Floor	NN Gloves	1st Floor
M Toys (Electrical) Sporting Goods	5th Floor	O Radio	5th Floor
O Underwear	1st Floor		
P Toilet Articles	1st Floor	1 Suits	Bargain Basement
Q Shoes	1st Floor	2 Coats	" Basement
R Umbrellas	1st Floor	3 Skirts	" Basement
S Millinery	2nd Floor	4 Dresses	" Basement
T Doll Hospital	5th Floor	5 Purses	" Basement
W Alteration	3rd Floor	6 Girls Dresses	" Basement
		7 Girls Coats	" Basement

"Streamline Billing seems to be coming to the fore! Much thought has been given to it by credit men and controllers—splendid articles have been written in its favor by outstanding credit men and women, but few stores have actually had the courage to adopt it.

"From the experiences of those who have changed from the old method of billing to streamline, either in whole or part, it would seem that a considerable saving might be effected, inasmuch as the billing personnel could be reduced substantially.

"On the other hand, it is apparent that more clerical help would be required, in that there would be some additional work, i.e., the segregation of sales checks, fine sorting them by customers' names, plus time for photography and developing, in addition to the cost of film and equipment. Then, too, according to the method now in use by those who have actually changed over, sales slips should be attached to each statement before mailing, which unquestionably would slow up their preparation.

"Believing that some little help may be derived from a method we employed, I would like to give you our experience on six thousand active accounts.

"Some twelve to fifteen years ago, the idea of non-itemizing bills was conceived and put into operation in our store. We felt, at that time, that it was a step in the right direction, and firmly believed a saving could be effected. We were not disappointed in our conviction, as the plan worked out much as we had anticipated.

"The practice was continued for about two years, after which it was abandoned, primarily because none of our local stores favored it, and therefore could not be converted.

"During the time non-itemized billing was in effect, we had very few complaints from our customers because we did not render an itemized bill. Several customers requested that their statements be prepared according to the old method, but we gladly made an exception in these cases and furnished an itemized account each month. A few other drawbacks were experienced regarding the verification of merchandise credits: referring to sales slips for adjustments; checking a customer's account to ascertain actual purchases made; and rendering itemized bills on request.

"You will see from the copy of our statement (shown on opposite page) that if there was any doubt of a charge we asked our patrons to refer to the reverse side to determine the item purchased. This explained the manner in which the customers could determine the department from which the merchandise was originally purchased, and assisted them in recalling the goods they bought.

"The method served its purpose well notwithstanding the fact that neither original nor duplicate sales slips were mailed.

"Prior to changing over to the new method, we asked our customers to retain the duplicate sales slip, which we enclosed with the merchandise, for reference to check against their statement the first of each month.

"There was no radical change in our office routine; sales slips were filed daily according to letter and date, but were not fine sorted for the month. Obviously, any charge check could be secured promptly."

BAROMETER

of Retail

BUSINESS

Sales and Collection Trends

October, 1940, vs. October, 1939

Compiled by Research Division, National Retail Credit Association

Arthur H. Hert, Research Director

CREDIT sales increased 1.7 per cent during October; total sales 2.8 per cent; and collections 1.3 per cent, in the United States and Canada, as compared with October, 1939. The improvement in general business conditions is the result of preparations for the defense program.

Highlights of the monthly analysis are shown in the tables below:

Highlights for October

- 56 Cities reporting.
- 21,046 Retail stores represented.

COLLECTIONS

- 35 Cities reported increases.
- 1.3% Was the average increase for all cities.
- 13.0% Was the greatest increase (Pensacola, Fla.).
- 4 Cities reported no change.
- 17 Cities reported decreases.
- 5.0% Was the greatest decrease (Amarillo, Texas).

CREDIT SALES

- 39 Cities reported increases.
- 1.7% Was the average increase for all cities.
- 15.0% Was the greatest increase (Fort Lauderdale, Fla.).
- 3 Cities reported no change.
- 14 Cities reported decreases.
- 7.0% Was the greatest decrease (Borger, Texas).

TOTAL SALES

- 46 Cities reported increases.
- 2.8% Was the average increase for all cities.
- 15.0% Was the greatest increase (Fort Lauderdale, Fla.).
- 1 City reported no change.
- 9 Cities reported decreases.
- 9.0% Was the greatest decrease (Borger, Texas).

Do you age your accounts? Here is a form designed especially for your needs.

Padded 100 sheets to a pad. Prices: 100, \$1.00; 500, \$4.00; 1,000, \$7.50. Postage extra. Special prices on larger quantities. Order from your National Office.

NATIONAL RETAIL CREDIT ASSOCIATION
1218 Olive Street St. Louis, Mo.

NAME OF FIRM

MONTH OF _____

19.

[illegible]

In the interest of efficient credit control accounts past due more than 60 days or accounts in an overbought condition should be reported to the Credit Bureau.

Form 721—National Retail Credit Association—Saint Louis

"National Defense"

(Continued from page 9)

from 50 to 75 or more in some lines, especially furniture, hardware, and non-essential clothing.

C. Increases in certain operating expense items, which were largely offset by decreases in others.

Increases	Decreases
Private air raid shelters	Delivery service
Blackout expenses	Advertising
Air raid drills for employees	Staff reductions
Decreasing efficiency because of loss of better employees	Electricity because of shorter hours
Voluntary payments to employees called to war service	
War risk insurance	

If the government had established no controls and had followed an outright policy of inflation in financing war purchases, retailers would probably have been able to make high money profits on stocks in the course of the price rise. Their money incomes might have risen faster relative to the rise in the cost of living than the money incomes of many other groups. Their money incomes would have been affected, of course, by the policy on profits taxes.

The Prices of Goods Act, as it was interpreted, theoretically would have fixed the money net profit per unit sold at a time when the physical volume of sales was

Blotters for Publicity

As a constant reminder to their members to use the Bureau on all their credit and collection problems, and to help establish in the minds of the buying public that the tenth of the month is "Pay Bills Day," the Cleveland Retail Credit Men's Company publish a different blotter each month. They are mailed to all members without charge, the last week of the month for use during the following month.

Bureau salesmen supply all new and prospective members with blotters. For clients, customers or patients to read, these blotters are left on cashiers' counters of stores, in credit offices, and on tables in reception rooms of professional men. The calendar for the month is illustrated on the blotters (samples shown on the right) and the tenth is marked with a star to indicate that it is "Pay Bills Day."

Unlimited results are obtained from this excellent form of educational publicity, and the Cleveland Association is confident that a constant reminder such as the blotter does help members to use their services more than they would otherwise.


The Parade of the Three "C's"

29th Annual Conference and Credit Sales Forum,
June 16-19, 1941, Hotel New Yorker,
New York City

National Retail Credit Association
Associated Credit Bureaus of America, Inc.
Credit Women's Breakfast Clubs of North America

being limited, and when the purchasing power of money was actually falling with the rise in the cost of living. If it had been strictly enforced, retailers would probably have borne a greater part of the war burden than workers whose wages were not prevented from rising, or than wholesalers and manufacturers of non-food goods whose operations were relatively uncontrolled. The positions of these groups might have been equalized through profits and income taxation. The position of the individual retailer also would depend on the extent to which he handled goods which were not regulated, and the margins which could be made on such goods.


Limitation of supplies at the wholesale level in Great Britain, with no provision for assurance of supplies to particular retailers, is said to have imposed hardships on some retailers, especially small retailers who had little bargaining power or lacked adequate organization.



1940 SEPTEMBER 1940
SUN MON TUE WED THU FRI SAT
1 2 3 4 5 6 7

Reliability


The Credit Bureau has been an active part of the financial and civic life of Greater Cleveland for 42 years. A record of reliability and help to both Customer and Dealer.



1941 JANUARY 1941
SUN MON TUE WED THU FRI SAT
1 2 3 4

Resolve


To take the "RED" out of CREDIT in 1941.
Want to know How? Call MAin 7000.



1941 FEBRUARY 1941
SUN MON TUE WED THU FRI SAT
1

Collections

Over a quarter of a million dollars in delinquent accounts collected for members during the past year. Collections are handled on the basis of no collection, no charge.



1941 MARCH 1941
SUN MON TUE WED THU FRI SAT
1 2 3 4 5 6 7 8
9 ★ 11 12 13 14 15
16 17 18 19 20 21 22
23 24 25 26 27 28 29
* THIS IS "PAY BILLS" DAY.

Pay Habits

The pay habits of more than a million and a half individuals and firms are recorded with the Credit Bureau for immediate use. This library of credit information is as near you as your telephone.

CREDIT REPORTS - COLLECTIONS
THE CLEVELAND RETAIL CREDIT MEN'S CO.
A non-profit institution founded on service.
National City Bank Building CLEVELAND, OHIO

EVALUATING the Credit Risk

C. J. MARTIN

General Manager, National Consumer Credit Reporting Corporation
New York City

*An address delivered before the first West Virginia Conference and Institute on Credit
Morgantown, West Virginia, September 27, 1940*

ASSUMING that the credit sales manager is well qualified to administer credit, we will observe his performance in evaluating the credit risk as each new application for credit claims attention. The process begins in the private interview he has with the customer or client seated comfortably and at reasonable ease in his office. Being familiar with general conditions in the trading area pertaining to employment, living costs, wage and salary schedules, rents, private residences, usual home maintenance requirements or family expenditures ordinarily incurred, the credit manager should be able to obtain enough information in the credit interview to assure identification of the subject and proper investigation of his or her qualifications for credit when the credit bureau develops its report later.

If the applicant shows evidence in the interview of being reluctant to give all the essential items, such as full name, husband's or wife's name, residence, employment or business or profession, dependents, bank, trade or other references, the credit manager uses appropriate tact in either drawing out the desired information or at least obtains the correct identity and credit references where the applicant seems resentful and unwilling to cooperate. The credit sales manager cannot, and does not, forget even momentarily the good will phase of a credit interview, and even though the prospective new charge customer may be invited later to buy for cash, he insures the first contact with the credit department by being pleasant. However, a notation on the credit application form indicating the attitude, cooperative or otherwise, of the interviewee and his responsiveness is a memorandum many credit managers find of value when reviewing the report presented by the credit bureau, or even in subsequent audits of past due accounts should approved credits turn out that way.



The Author

Mr. C. J. Martin has served many years in the retail credit field, having been Junior Credit Manager of Forbes & Wallace, Springfield, Mass., and Comptroller-Credit Manager of Chas. E. Lynch Co., Springfield, Mass. He was a Director of the National Retail Credit Association for three years, later becoming affiliated with the N. R. C. A. as Field Secretary. He then became District Manager of the National Consumer Credit Reporting Corporation in the northeastern district, rising from that to his present position as General Manager. He is also Secretary of Northeastern Credit Bureaus, Inc.

Credit Report First Reliance Of Credit Sales Manager

The report from the credit bureau is, of course, the principal reliance of the credit sales manager in passing on applications, because the roster of trade lines and financing agencies serving the consumer in any locality is nearly identical with the subscriber roster or member list of the credit bureau for that locality. In the Retail Credit Survey of 1939 published by the Department of Commerce there is an analysis of the use of credit bureau reports by principal trade lines which contains the interesting information that credit losses of 772 stores not using credit bureau reports were 75 per cent higher than experienced by the other 1,613, covered in the analysis, which made use of credit bureau reports.

The evaluating of the credit risk on a new application for credit takes place when the credit sales manager receives the report from the credit bureau, and although only a few credit sales managers follow the practice of translating the data in the credit report into a rating formula set up to reduce each important qualification to a percentage equivalent against 100 per cent as perfect rating, nevertheless a very similar evaluation is made mentally by every credit manager.

Necessary Qualifications Credit Applicant Should Have

Earning Capacity is the most important qualification a seeker of credit may possess in the opinion of the majority of credit sales managers connected with retail stores or financing agencies extending 30 day to 12 month credit. Steady employment, amount of wages or salary earned, living expenses to be met, all measure this qualification.

Paying Habits come next, and the trade record in the bureau report is a dependable forecast either of adherence to terms or of probable disregard of new credit obligations.

Outstanding Commitments represent the competition a

new creditor will or may have in trying to collect his account, and unless the earning capacity and paying habits qualifications show clearly the applicant has ability to take care of previous commitments as well as the new credit sought, this item in the report denoting overload of credit should mean "no sale."

If report shows subject still owes several accounts which creditors have placed with collection agencies there is hardly any basis for extending new credit regardless of applicant's earning capacity, as the expected result of taking on such a risk would have to be one more bad account in the making.

Bank Account is important in evaluating the risk if it indicates a reserve over all obligations or a balance accumulated in the past while accounts were being paid according to terms. The fact that bank account may be withdrawn at any time does not cancel the favorable quality of thrift, or effort to be thrifty made by the subject.

The items: *Marital Status, Dependents, Owns or Rents, Personal References, Automobile Ownership* and others in the report from the credit bureau are connected with the foregoing items in the analysis of full report made by the credit sales manager, and if there appears to be a prospect of the applicant being able to comply with the terms of new credit under consideration, the account will be approved. It is pertinent to mention the fact that automobile ownership is not considered on the asset side by many credit sales managers unless the applicant has an earning capacity sufficient to assure the maintenance of the car and coverage of previous obligations without prejudice to new credit commitments.

Formula for Evaluating the Credit Risk

Any credit sales manager interested in devising a formula by which to arrive at a standard procedure of making credit decisions can work out a chart from the past experience in his own position and depending on the line of trade involved. In estimating the living costs an individual or a family (supported by the individual who applies for credit) has to meet, there are the two principal items of food and clothing included, which credit managers in these respective trade lines would appropriately deduct because their stores sell this merchandise, and the usual allotment for either food or clothing in the family budget might be prospective business. *Earning capacity* would seem to warrant a 35 per cent weight in an evaluation chart, with declining per cent for depreciating capacity; *paying habits*, a high of 35 per cent graded down to minus for collection of accounts; the remaining 30 per cent to be apportioned to other items of the credit report as the interested credit sales manager might determine for his own purpose and from his own experience. A rating that would come out 50 per cent or over might be considered satisfactory and the account prove to be desirable.

The Federal Housing Administration uses a rating chart to estimate the risk on each borrower and has found the system effective and suitable to their needs. The items evaluated are:

Character	30%
Attitude Toward Obligations	15%
Ability to Pay	15%
Prospects for Future	12%
Business History	10%
Ratio Value of Property to Annual Income	7%
Ratio Monthly Mortgage Obligation to Income	6%
Associates	5%
Total	100%

Character is the qualification of highest rating in the FHA chart with *ability to pay* and *attitude toward obligation* both ranking second. These are proper designations considering the credit extended is investment credit and a fifteen to twenty year period of mortgage amortization is involved. In a rating plan on consumers for 30 days to 12 months credit, *paying habits* will reflect *character* quite serviceably through the recorded performance or non-performance of the subject in paying short term credit accounts satisfactorily.

Earning capacity corresponds with *ability to pay* and in consumer credit must be recognized as the security behind the account. *Character* as a desirable attribute in consumers, loses none of its virtue, but the consumer must also show that the only security he has, "*earning capacity*," will be present while the account is in force.

Credit Bureau a Central Depository

The facilities of credit bureaus have been progressively developed and improved to meet the changing conditions of consumer credit administration and the special benefit the credit sales manager gets from the credit report is the whole history, or nearly the whole history, of the applicant's credit involvement. Consolidation of credit data is the fundamental justification for existence of a credit bureau, and the value of credit bureau service must be appraised by its efficiency in keeping consumer credit a benefit to buyer and seller alike. As a central depository for credit information, the bureau should have a record of every new account opened, and a record of every account not paid according to the terms on which credit was extended, if it is to assist properly in the control of consumer credit and prevent individuals from unwisely assuming credit commitments they cannot meet.

When the credit sales manager has approved the application for credit and the account is opened, he is optimistic enough to expect that it will be a profitable one to his firm, but experience has taught him that status is not guaranteed. Each month, or weekly when statements of accounts are made up in the credit department some additional accounts have joined the past due group, and

In the January Issue

"What You Should Know About the Soldiers' and Sailors' Relief Act," by Milton W. King, Attorney, Washington

"Should Credit Terms Be Competitive?" by Violet Symonds, Gimbel's, Pittsburgh

"Debt-Collecting Ideas That Work," by Ruel McDaniel

"Developing New Business," by J. W. Waddle, G. A. Stowers Furniture Co., Houston

"The Retailer and The National Defense Program" (Part 4), by Dr. David R. Craig, American Retail Federation, Washington

his evaluating of the credit risk must continue. He knows that on the usual mark-up to establish retail price of merchandise or the fee charged for service originally, there is no provision for collection costs. If the account covers merchandise sold on thirty-day terms, which would warrant the cash price to the purchaser, the credit manager well understands that not more than sixty days may be taken in completing payment without a collection cost offsetting the margin of profit anticipated from the account. Financial services often carry a penalty charge for delinquent payment, and the problem of their collection costs has been met in that manner by the financing agencies; however, there are few retailers up to the present time who admit they are in the financing operation and do make a charge to cover the collection costs developed through slow accounts.

Value of Past Due Accounts

The credit sales manager observes an account just entering a delinquent classification and a very formidable array of cautionary reflexes passes through his mind. He knows that the age of a particular account is apt to indicate prospects of collectability and its ultimate recovery value. The study made by the National Retail Credit Association over a period of years among many groups of business show the chances of salvaging delinquent accounts are approximately as follows:

Over 60 days old	89 per cent
Over 6 months old	67 per cent
Over 1 year old	45 per cent
Over 2 years old	23 per cent
Over 3 years old	15 per cent
Over 5 years old, practically none	

The result of a survey made by a national concern to determine what percentage of customers avoided stores where they had past due accounts is probably known to the credit sales manager, and that survey indicated when an account has gone thirty days over the credit terms there is a 17 per cent possibility of the customer not buying during the current month. When the account has gone sixty days beyond the due date the chance of not seeing the customer is 28 per cent, and when the account is ninety days over terms there is a 70 per cent likelihood that the customer will not call at the store to do any buying.

The credit application and the report from the credit bureau pertaining to a past due account are re-examined by the credit sales manager to decide whether he will obtain a current report before undertaking collection effort. This will be a new evaluation of the credit risk in its present condition of appearing to have turned out to be definitely a risk. In asking for the up-to-date report the credit sales manager advises the bureau of the change in the status of the account and the record of subject in the bureau's files is immediately marked to show that a slow account has developed.

The voluntary submission of information by subscribers is a feature that importantly builds the effectiveness of a credit bureau, keeping all users of service protected against avoidable losses. With 1,350 local credit bureaus throughout the United States exchanging reports daily as consumers move from one place to another, this protection against avoidable losses is not confined to a small group of retailers and other sources of consumer credit in a certain locality, but is nation-wide.

Bureaus Help Rehabilitate Debtors

When it does happen (and it frequently does in present-day credit experience), that a past due account reaches the stage where the credit sales manager is convinced that nothing further can be done by his department to effect collection, the credit bureau is still at his right hand to assist in the salvaging operation and probably in the rehabilitation of a debtor. Most credit bureaus have a collection or adjustment department to handle these cases or there is a reputable collection agency in the locality collaborating with the bureau which will handle the claim.

It might be the last act in which the credit manager takes part in evaluating the credit risk. Oftentimes a former delinquent debtor returns as a good charge customer after the adjustment department of the bureau has completed collection, and has educated the debtor in a short but intensive course on proper attitude towards credit obligations and observance of the terms. That this education has to be given at what appeared to be the end of the credit trail rather than at the beginning when the credit sales manager first interviewed the applicant is more reasonable than it appears at first glance because the credit sales manager had an apparent sound credit risk as consideration; but that education of the general buying public regarding consumer credit is advisable is evident in many ways. The retailer must be indicted to a considerable degree for the attitude of consumers toward credit obligations through lax collection policy and liberal credit policy, but in the final analysis the consumer himself has departed from standards of reliability formerly observed quite generally.

Trend Toward Payment of Account

The personal bankruptcy figures, showing in one State that 62 per cent of all bankruptcies filed by individuals are by industrial employees, bad debt losses and slower payments of accounts are indications that consumers do not look upon credit as a sacred trust, but that today there is no personal or social disgrace in delaying settlement of accounts or even in repudiating them totally. An interesting commentary on such attitude, which is far from complimentary to retailers, is furnished by a report from the Bureau of Business Research, University of Texas, covering investigation of 1,768 bad debt accounts written off by 54 merchants in a certain town of that State. Here is a quotation from that report:

"We went into this town, gained the cooperation of the 54 merchants, and spent weeks in finding out why they had written off 1768 separate accounts, totalling \$46,687, in a single year. Anyone who says the public is 99 per cent honest has never gone around to several hundred homes and frankly asked people why they don't pay up what they owe. We did just that. As soon as they were assured we weren't bill collectors, scores of people calmly said that a lot of merchants were easy marks, and that they would be foolish to pay if they did not have to."

The unfortunate feature in such a situation is not the merchant's negligence but the fact that a sense of moral obligation was non-existent on the part of the purchasers. It seems too fine a line to draw in saying that a person who appropriates money or merchandise without proffering payment or promising to pay is dishonest, and that the person who acquires goods through an understanding that payment will be made in the future, and who does not fulfill that promise, is merely a smart business person.

Few merchants will welcome the credit application of anyone who has been convicted or even suspected of fraud, shoplifting, issuing bad checks, etc., but it is patently possible for individuals, whose past performance in credit transactions has been most deplorable, to seek and obtain further accommodations. This state of affairs in credit granting has developed a profound disrespect for the principles upon which credit should be based, and unless a change in sentiment on the part of the buying public is encouraged, the retailer may stand to lose even more heavily than has been his experience in the past.

Credit a Constructive Force in Retailing

To correct unsatisfactory conditions in credit it would seem the merchant or the credit manager, as the case may be, has two major obligations to meet or assume.

First, he must realize that credit is a constructive force in retailing only as it actually produces. To guarantee production, its utility must not be impaired. In the original extension of credit to consumers the essential qualifications of ability and willingness to pay must be reasonably determined. This can be done with proper efficiency only through credit bureau investigation. Any other compromise results in partial information. After the account is on the books anticipated profit must be safeguarded by a collection policy and procedure which gets the money before loss sets in.

Second, and this is supplementary to the first, credit management must get a new sense of responsibility regarding customer education. In the daily interviews with credit applicants, through collection letters, by cooperative action, with the credit bureau and other merchants in credit matters, the buying public should be impressed that credit is a service extended upon a definite understanding that payment will be made as agreed. The local credit association in each community can further the educational program by having certain members address High School students in business classes who are interested in commercial subjects and incidentally prospective consumers of a few years hence. In conjunction with the everyday credit department effort, Pay Promptly advertising in local newspapers will tend to decrease the number of customers who "put off paying their bills," something that seems most natural for many people to do. Start the evaluation of the credit risk with a well informed public that will encourage self appraisal by each consumer.

That results will be compensating is attested by the high collection percentages and low bad debt losses of retailers in communities where such a program has been consistently followed. *If the retailer will recognize his obligations and make his credit department and its successful operation as much a concern as the productivity of his merchandise departments is to him now, we can confidently expect progressive improvement in business, less waste in distribution and, proportionately, better stabilization of commerce generally.*

Reading this magazine carefully and regularly will contribute to your success as a Credit Executive

A Timely Insert

to tie in with
the New Year

Actual size indicated by dotted lines

It's An Old Chinese Custom

IN CHINA, the ancients, at the beginning of the New Year, following a time-honored custom, called on all their creditors—and paid their bills—in full!

The New Year is a time of good resolutions—a good time to arrange to pay all past due bills and then—arrange finances so that future bills can be paid promptly when they are due or according to agreement.

Prompt payment builds a good credit record and promotes prosperity.

A good credit record is priceless. Pay all bills promptly and protect it!

National Retail Credit Association

Executive
Offices



Saint
Louis



(PRINTED IN U. S. A.)

Price \$2.50 per 1000
(Printed in two colors)

Also furnished in newspaper mats in three sizes
—with border: 8" x 12", \$2.00; 6" x 9",
\$1.50; and 4" x 6", \$1.25.

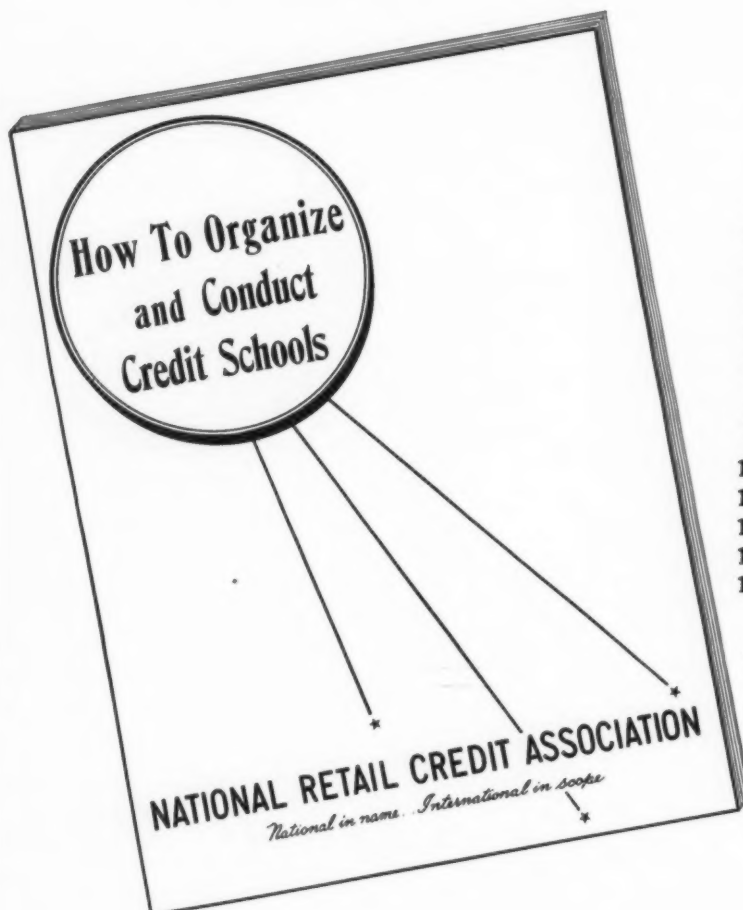
National Retail Credit Association

1218 Olive St.

St. Louis, Mo.

ARE YOU PLANNING A CREDIT SCHOOL?

This new booklet explains how to organize and conduct Credit Schools



CONTENTS

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- 3—Plan of Study
- 4—School Director
- 5—Lecturers
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- 8—Enrollment
- 9—Enrollment Fee
- 10—Attendance Record
- 11—Final Examination
- 12—Certificates
- 13—Textbook Prices
- 14—Cities Conducting Schools

Fill out the Coupon below and send it to the National Office TODAY

NATIONAL RETAIL CREDIT ASSOCIATION
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Bankruptcy Administration Recommendations

R. Preston Shealey, Washington Representative
Washington, D. C.

Another success to record for the National Retail Credit Association's bankruptcy reform campaign. On October 15, the N. R. C. A. Washington Office received copies of a tentative report of the Attorney General's Committee on Bankruptcy Administration. The report contained two recommendations, which we have urged for a number of years and which have been the subject of two successive annual convention resolutions: the San Francisco Convention of 1939 and the San Antonio Convention of 1940, (1) urging establishment of a central Government agency to coordinate bankruptcy administration and investigate complaints; and (2) placing referees in bankruptcy upon a salary basis. It is generally thought that these recommendations in the report will shortly have the approval of the Attorney General and that then steps will be taken to have them translated into actualities. Under the circumstances it is now in order to inform N. R. C. A. membership through the medium of our letter of response to the Director of the Attorney General's Committee as to our reaction to the recommendations of the report. That letter, in part, is as follows:

The resolutions of the San Antonio Convention pertaining to the recommendations of your Committee have been heretofore transmitted to you and follow in substance similar recommendations of the San Francisco Convention and general reactions of the National Retail Credit Association for some years past.

Recommendation No. 1. As you may know, Representative David J. Lewis, at the request of the N. R. C. A., introduced H. R. 9487 on May 4, 1934, a bill having for its object coordination of bankruptcy administration and investigation of complaints through a Department of Justice official to devote his entire time to the work. It was explained at the time this bill was introduced that a central bankruptcy office was essential if bankruptcy administration was to be maintained at a maximum of efficiency. The Committee's recommendation for a Division of Bankruptcy in the Administrative Office of United States Courts meets this objective though it does not follow either our convention recommendations or the Lewis bill as to where such central supervising and coordinating agency should be placed. However that may be, we

Clear References Promptly

At this time of the year, credit departments are experiencing the peak of the Christmas rush and it is desirable that credit information be furnished the Credit Bureau promptly.

The cooperation of all concerned is necessary to enable the Credit Bureau to render efficient service to its members without which retailers are unable to properly serve their customers.

By giving prompt service in clearing references you will receive the same cooperation expected from others.

feel that since the Committee's recommendation is in effect approval of our objective we believe that the Committee's recommendation should be carried into effect as promptly as possible and a thorough trial given through the Bankruptcy Division in the Administrative Office as suggested. Congress probably would not wish to create a central supervising and coordinating agency at this time in the Department of Justice; at least until such office has been established in the Office of Administrative Courts and a thorough trial given to its operation. For this reason and with the reservation named, we would say that this recommendation is in line with sentiment of the National Retail Credit Association as expressed in convention resolutions and otherwise.

Recommendation No. 2. The Committee's recommendation that referees should be placed upon a salaried basis is in line, as stated, with convention resolutions of the National Retail Credit Association, but we feel that in fixing the salaries of referees recognition should be given not only to bankruptcy assets distributed to creditors, but also as to work performed and time consumed, including all classes of cases—wage earner settlements as well as others. As you know, Chapter 13 became a law after years of effort of the National Retail Credit Association, and naturally the Association is vitally interested in its operation and success. Investigations disclose that while Chapter 13 is used in some jurisdictions with great success it is not in others. We believe that placing referees upon a salary basis, as recommended by Attorneys General Mitchell and Cummings and the present Bankruptcy Committee, is not only a step in the right direction and should be enacted into law, but will be of special benefit to Chapter 13.

In addition to these subjects dealt with in the report of the Attorney General's Committee there are still other bankruptcy problems which lie immediately ahead of us and which must be adequately taken care of before Chapter 13 will come into general use. Costs of administration of Chapter 13 are acknowledged to be unduly large in proportion to the assets and indebtedness. It is also said that referees in some instances have had difficulty with the procedure for handling secured debts. As soon as the Bankruptcy Division recommended by the Attorney General is established in the Administrative Office of the United States Courts these particular problems in relation to Chapter 13 will be called to the attention of the head of that division.

CHRISTMAS SEALS



Help to Protect Your
Home from Tuberculosis

The *National's* New Standard

"Application for Credit" Form

Complete in Every Detail

In compliance with the requests of many members, the National Office has developed a new standard "Application for Credit" Form.

Complete in every detail, it has spaces for all needed information.

Please note that there are blank spaces for obtaining sufficient information about the applicant and his family and other connections to facilitate tracing if he should develop into a "skip."

The actual size of the form (reproduced below) is 7 inches by 9½ inches.

APPLICATION FOR CREDIT WITH					
FORM ADOPTED BY AND FOR MEMBERS OF THE NATIONAL RETAIL CREDIT ASSOCIATION					
NUMBER _____			DATE _____		
FULL NAME (SURNAME FIRST)		FULL GIVEN NAME INITIAL		AGE	GIVEN NAME, HUSBAND—WIFE'S MAIDEN NAME
RESIDENCE				HOW LONG	
FORMER ADDRESS				HOW LONG	
BUSINESS OR OCCUPATION		BY WHOM EMPLOYED		BUS. ADDRESS	
FORMER BUSINESS OR OCCUPATION		BY WHOM EMPLOYED		BUS. ADDRESS	
WIFE OR HUSBAND EMPLOYED?		CAPACITY		BY WHOM	
OWN REAL ESTATE LOCATED AT		(GIVE LOCATION)		MORTGAGED TO	
RENT		OWNER		MONTHLY RENTAL	
<input type="checkbox"/> FURN. APARTMENT? <input type="checkbox"/> UNFURN. APARTMENT? <input type="checkbox"/> RESIDENCE?				CHILDREN AT HOME EMPLOYED	
NAME OF NEAREST RELATIVE (OTHER THAN HUSBAND OR WIFE)		ADDRESS			
BANK		(CHECKING)		(NAME OF BANK)	
SAVING				BRANCH	
LIFE INSURANCE		NAME OF INSURANCE CO.		APPROX. INCOME	
\$				\$ PER	
TRADE REFERENCES					
FIRM OR STORE		KIND OF MERCH. SOUGHT		ACCOUNT IS NOW	
				OPEN PAID DATE	
LIST ON REVERSE SIDE OF THIS APPLICATION ANY UNPAID BALANCES ON INSTALLMENT ACCOUNTS AND MONTHLY PAYMENTS THEREON PERSONAL REFERENCES _____ THE ABOVE INFORMATION IS FOR THE PURPOSE OF OBTAINING CREDIT AND IS WARRANTED TO BE TRUE. I AGREE TO PAY ALL BILLS BY THE 10TH OF THE MONTH FOLLOWING PURCHASE OR AS OTHERWISE EXPRESSED HEREON. SPECIAL TERMS IF ANY _____ SIGNATURE _____ AMOUNT CREDIT APPROVED \$ _____					

Printed in
One Color

Blocked in
Pads of 100

Prices
100, \$0.75
500, \$2.50
1,000, \$4.25

All prices include postage.

National Retail
Credit Association
1218 Olive St., St. Louis

"Credit Publicity"

(Continued from page 21)

"Bulking large among these is his reputation, if he has been married, divorced, arrested, convicted, acquitted, promoted, honored, or done anything useful which has caused his name to appear in a local newspaper story, the record will be found in the bureau," so the article reads.

The organized credit forces in Memphis are credited in the article with setting an example in the nation for many years, because of the accomplishments in consumer credit and special attention is given to the part of interest to "Mr. Average Man."

Consumer credit is mentioned as a "comparatively recent phenomenon, in spite of the fact that public credit, investment, banking and mercantile credit have been long important in economic life."

The turn of the present century is cited as the time of change in credit relations, formerly enjoyed only by the rich or close friends of the merchant, which by 1938 had been established to the extent that one-third of all retail sales were made on credit, eliminating the trade reference bugaboo of "Aunt Hattie's" time and permitting the person with good character reference and a job to establish credit rating without the routine of nearly two decades ago.

The article deals with the three classes of credit risks, the business concerned with refinancing persons who find themselves involved in debt due to unwise credit extension or family emergencies, the miscellaneous service available as a result of the credit association and bureau, such as "Special Service Bulletins," furnishing information regularly to Association members. These include notices of bad checks, "not responsible for debt" notices, accounts placed for collection, changed addresses, and personal dealings with individuals of unsatisfactory nature. Also, the service offered in collection of accounts through specimen letters of forceful but non-antagonizing reminders of delinquent accounts, is noted.

The public is given insight into requirements for the credit interviewer and what he expects the applicant to possess in the way of appearance and reputation.

Steps taken to help the customer retain his credit accommodations are noted, and statistics are given showing that department stores lead all other businesses in net sales, how the Memphis area handled about 33.5 per cent of its business as a whole in 1938 on a cash basis with 54.4 per cent open credit and 12.1 per cent on installment.

William A. Perkes

Wm. A. Perkes, 60, Secretary-Manager of the Associated Retail Credit Men of Salt Lake City for the past 22 years, died Sunday, November 3, of a heart attack. He was chief clerk for R. G. Dun & Co., before accepting his position with the Local Credit Association, and served as Director of the Associated Credit Bureaus of America, as well as President of the Rocky Mountain States District of that Organization. He was a member of the National Retail Credit Association for many years. He is survived by his widow, two daughters, two sons, two brothers and two sisters. To them, and all his associates, the National Office extends deepest sympathy.

"Consumer Movement"

(Continued from page 5)

way of paying for merchandise. He will realize that it offers him an opportunity to have his goods in the present rather than in the future. He will realize that oftentimes it will provide him with a means of systematic forced saving and thereby enable him to secure those goods which he really needs rather than others, cheaper in price, but which he can well afford to be without. He will realize that it is up to him to decide whether or not the benefits to be derived are worth the price. Sometimes he will decide that they are not and will wait to make his purchase until he can afford to pay cash.

In short, by giving the consumer the facts, the merchant will permit automatic economic forces to operate which, over a period of time, will efficiently control the volume of credit. Everyone knows that some form of control must be worked out. Education of the purchaser offers the simplest, most certain system of control—it offers the American Way of control. Failure to take advantage of it will mean inevitably that some form of bureaucratic control will have to be devised to protect the consumer from the merchant and the merchant from himself. It remains to be seen whether American merchants will take advantage of their opportunity. *Every merchant who sells for credit must take a share of the responsibility; the consumer has demonstrated his eagerness to learn, now it is up to the seller to assist the purchaser in his quest for knowledge.*

Medford, Oregon, Organizes Unit

At the special organization meeting of the Retail Credit Association of Medford, Ore., on October 23, the following officers and directors were elected: President, D. L. Flynn, Trowbridge & Flynn Electric Co.; Vice-President, W. E. Thomas, Oregon Finance Co., and Secretary-Treasurer, Wilfred M. Moses, Southern Oregon Credit Bureau. Directors include: Paul McDuffy, Mann's Dept. Store; and Dorothy A. Eads, Montgomery Ward & Co. Wayne Wakefield, Hansen's Hdwe. Co., was appointed Chairman of the Educational Committee, and C. B. Collins, Medford Lumber Co., was appointed Chairman of the Publicity Committee. The Membership Committee consists of the President and Vice-President.

What Is the Most Important Retail Credit Problem for 1941?

Here, again, is the annual question! The responses to this question, each year, have come to be regarded as a yearly symposium of credit opinion of the North American Continent.

So that we may publish as many answers as possible, may we request that you please make your answer brief (not over 50 words) and to the point. And mail it to the National Office BEFORE DECEMBER 18, if possible. Thank you!

CREDIT FLASHES

Seattle Credit Men Elect

At a recent meeting of the Retail Credit Association of Seattle, the following were elected officers and directors for the coming year: President, Phil Wahlstrom, Schoenfeld's; Vice-President, Clayton Watkins, Seattle First National Bank; Secretary, M. L. Storhow, Frederick and Nelson; and Treasurer, Perry Bourier, Carnation Co. Directors are: Frank Osen; Douglas Burroughs; Wells Huntley; Wendell Sizemore; and J. D. MacEwan.

Pittsburgh Association Elects New Officers



Joseph A. White

At the annual meeting of the Retail Credit Association of Pittsburgh held October 21, 1940, the following officers were elected for the ensuing year: President, Joseph A. White, Harris Stores Co.; First Vice-President, Dr. Leslie Waddill; Second Vice-President, F. R. McCaffrey, Thos. McCaffrey Co.; Third Vice-President, E. J. Fischer, A. J. Mansmann Co.; Secretary,

Walter Rosenbaum, The Credit Bureau; and Treasurer, T. L. Ford, Boggs & Buhl, Inc.

The following were elected Directors for a three-year period: Frank Cooper, Hahn Furniture Co.; C. W. Orwig, Commonwealth Trust Co.; J. P. Ott, Raab Brothers; J. L. Meyer, Standard Office Supply Co.; J. G. Vollmer, Jr., Bond Clothes; and J. A. Wagner, Seven Baker Brothers.

New York Credit Women Elect Officers

At the meeting of the Credit Women's Breakfast Club of New York City on October 14, 1940, the following officers were elected: President, Mrs. E. R. Long, Bloomingdale Brothers; First Vice-President, Elizabeth Adler, Purchasing Agent; Second Vice-President, Helen Haynes, Abraham & Straus; Treasurer, Mrs. Florence McGaffin, Knox Hat Co.; Assistant Treasurer, Margaret Rafferty, Abraham & Straus; Secretary, Mary F. Culleton, Hotel Waldorf-Astoria; and Corresponding Secretary, Mrs. Beatrice S. Krewer, Gimbel Brothers.

John H. Vaughn Promoted

John H. Vaughn, a Past President of the Retail Credit Association of Kansas City, and for many years Credit Manager of The Jones Store Company, has been promoted by his firm to the position of Office Manager and Treasurer.

A. C. Webb in New Position

A. C. Webb, another Past President of the Retail Credit Association of Kansas City, and for many years connected with Hovey, Beals & Boley, Attorneys, has been employed by Berkson Brothers as Office Manager, Controller and Credit Manager.

Coming District Meetings

Districts Three and Four (Florida, Georgia, North Carolina, South Carolina, Alabama, Louisiana, Mississippi, and Tennessee) will meet April 14, 15, and 16, 1941, in Savannah, Georgia.

District Five (Kentucky, Ohio, Michigan, and Ontario, Canada) will meet February 9, 10, and 11, 1941, at the Brown Hotel, Louisville, Kentucky.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, and Manitoba, Canada) will meet March 16, 17, and 18, 1941, at the Warrior Hotel, Sioux City, Iowa.

District Seven (Arkansas, Kansas, Missouri, and Oklahoma) will meet February 16, 17, and 18, 1941, at the Mayo Hotel, Tulsa, Oklahoma.

District Ten (Idaho, Montana, Oregon, Washington, Alaska, Alberta, British Columbia and Saskatchewan, Canada) will meet May 12, 13 and 14, 1941, at Tacoma, Washington.

District Eleven (Arizona, California, Hawaii, and Nevada) will meet in Sacramento, California, April 21 and 22, 1941.

District Twelve (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia) will meet February 23, 24 and 25, 1941, at Philadelphia, Pennsylvania. This will be a joint conference with the Columbia Regional Conference (Bureau Managers).

Meeting of Tenth District Directors

The members of the Tenth District Board of Directors traveled over 3,870 miles to attend a meeting of the Board in Tacoma, Wash., October 6. In addition to President Herbert J. Benson, Tacoma, and Vice-President Wells Huntley, Seattle, Secretary-Treasurer Thos. Downie, Vancouver, B. C., Field Secretary Walter Jensen, Past President Eric Marsden, Vancouver, B. C., Stuart Bliss, Portland, Ore., Frank Osen, Seattle, Dick Schatz, Spokane, Arthur J. Lochrie, Butte, Mont., Oliver Prentice, Victoria, B. C., George Anderson, Wenatchee, and former National Director, L. L. Harris, Vancouver, B. C., were in attendance. Plans for the annual district conference to be held in Tacoma, May 12, 13, and 14, 1941, were discussed with the Tacoma Conference Committee. Great Falls, Helena, and Bozeman, Montana, and Medford, Oregon, were announced as new National Units. These Units, along with increased membership activities by other Associations, are expected to result in 350 to 400 new members by December 1. Educational activities in the District were also an important part of the discussion. This proved to be one of the most enthusiastic meetings of the Board held in District Ten, with renewed enthusiasm for continued educational work and for the program as advocated by the National Retail Credit Association.

STREAMLINED LETTERS

By **WALDO J. MARRA**

Correspondence Director, Bank of America
San Francisco, California

T*his book* discusses the subject of letter writing as one aspect of salesmanship, and shows how every business letter is a sales letter. It is practical to the extreme, covering actual letter writing problems that a dictator has to confront every day and shows how to handle them efficiently and constructively.

- Why is every business letter a sales letter?
- Do you think your letter through "before" dictating, or "after"?
- Have you a vocabulary equal to the ideas you want to express?
- How do leading retail firms handle their correspondence?
- Do you use "dollars and cents" methods of beginning a letter?
- Do you "circumnavigate" the subject of your letter?
- Do you know when "not" to stop your letters?
- Do your letters carry "eye" appeal?
- How do you say "No" graciously to a customer?
- Are your letters action-compelling?

T*hese and a hundred other questions* are answered for you in a clear-cut, interesting manner in this new book.

Another feature is that it can be effectively adapted as the text for a course in Streamlined Letters. It is available to credit bureaus and credit associations in lots of 25 or more for Credit School purposes *only*, at \$2.50 per copy. Single copies, \$4.00.

A manual prepared exclusively for the instructor is also available at \$3.00. Write the National Office for your free copy of "How to Organize and Conduct Credit Schools."

NATIONAL RETAIL CREDIT ASSOCIATION

1218 OLIVE STREET

ST. LOUIS, MISSOURI

Current Business Conditions



The Map

The total volume of trade and industry during the last quarter of this year will surpass that of any previous three-month period. The surprising fact revealed by the Map is that this upward movement is taking place quite evenly over the entire country. In only a few regions is the rising trend lagging behind the general average. Even in these, however, activity is higher than it was a year ago.

The push toward increased business which has been given by the spending for national defense and by war orders from abroad has naturally been most noticeable at first in the industrial regions. Many signs indicate that these influences will soon become more evident in other parts of the country as well.

Throughout much of the East and around the Great Lakes, many industries are operating at close to capacity. A number of large construction projects have been started to expand factories in order to meet the greater demand. The added employment and larger pay rolls are stimulating retail sales of all kinds in these regions.

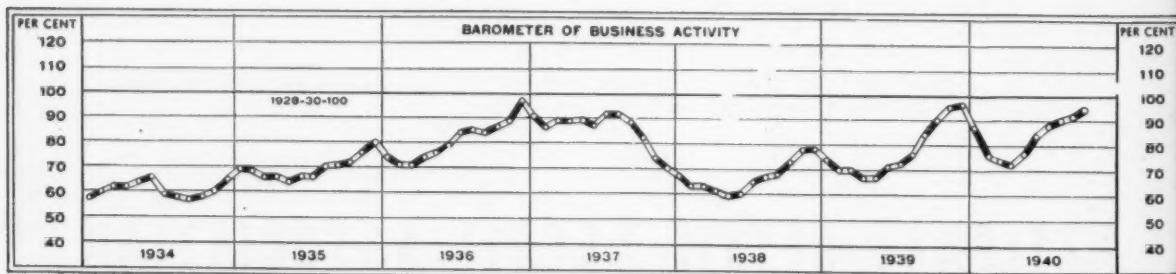
Conditions in agriculture and industry throughout the South

show steady improvement, with the rate of increase only slightly below that of the industrial regions of the South and East.

Monthly farm income has remained higher than last year, but the Map shows that improvement in general business activity throughout the agricultural regions has been less than the average of the entire country. Trade is somewhat better in the northern part of the central farming district than it is in the Southern and Western sections.

Business conditions have improved more than average throughout the Pacific Coast states, with the greatest gains in the Northwest. The outlook is for further gains there during the next few months.

Industrial activity in Canada is forging ahead rapidly, with business in most cities at new peaks. As in the United States, the gains have been most significant and striking in the industrial regions, but agricultural districts are also making steady progress toward greater volume of trade. War demands continue to sustain the high rate of activity in both trade and industry.



This barometer appears in the December issue of "Nation's Business," published by the United States Chamber of Commerce.

The Barometer

Continued expansion in industrial output, mainly in connection with the defense program, is reflected in a further uptrend in the Barometer, which has risen steadily since May.



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